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AN ESSAY

ON THE

EXTERNAL CORN TRADE;

CONTAINING

AN INQUIRY INTO THE

General Principles of that Important Branch of Traffic;

AN EXAMINATION

OF THE

EXCEPTIONS TO WHICH THESE PRINCIPLES ARE LIABLE;

AND

A Comparative Statement

OF

THE EFFECTS

WHICH

RESTRICTIONS ON IMPORTATION

AND

Free Intercourse,

ARE CALCULATED TO PRODUCE

UPON SUBSISTENCE, AGRICULTURE, COMMERCE, AND REVENUE.

By R. TORRENS, Esq.

AUTHOR OF "AN ESSAY ON MONEY AND PAPER CURRENCY," AND OF "THE ECONOMISTS REFUTED."

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TO

MAJOR GENERAL SIR HENRY TORRENS,

Knight Commander

OF THE

MOST HONORABLE MILITARY ORDER OF THE BATH,

AS A TESTIMONY

OF

THE RESPECT AND THE ATTACHMENT

CALLED FORTH BY THAT

DISTINGUISHED TALENT, & UNDEVIATING RECTITUDE,

IN THE DISCHARGE OF OFFICIAL DUTIES;

WHICH

THE PUBLIC VOICE ACKNOWLEDGES;

AND BY THAT

URBANITY OF MANNERS & BENEVOLENCE OF HEART,

WHICH,

ALL WHO APPROACH HIM, FEEL;

The following Work

IS INSCRIBED,

By his Friend,

THE AUTHOR.

PREFACE.

THERE is no question, which can be considered as of higher moment to the interests of the whole community, than that which respects the Trade in Corn. The laws which regulate this branch of traffic, very materially affect every individual in the country, from the opulent landholder to the common day-labourer. An error respecting them may be fatal. Their influence extends through every part of the economical system. They regulate the supply of food, and the value of money; agriculture, commerce, and public credit, feel their powerful operation.

While the vast importance of the Corn Trade and of the Corn Laws imposes upon

every person, who has given attention to these subjects, the obligation to contribute, what he can, to a just conception of their influence; the danger of promulgating erroneous theories, or even of recommending, without due qualification, the adoption of correct general principles, demands a degree of patient and persevering inquiry, which few have leisure to bestow. In no investigations are caution, diffidence, with an enlargement of view, and a correct acquaintance with all the actual circumstances, more necessary than in those which regard political economy. So various and complicated are the interests, which questions of this nature involve, that principles, incontestibly true, may be practically inadmissible; and, conversely, what is practically beneficial, may be at variance with a theory generally correct. As he is the most skilful physician who, in complicated cases, cures one disease with the least possible aggravation of another, so he is the most sagacious economist, who, without deserting first principles as his general guides, so far restricts and modifies them, as to produce the greatest good, with

the least possible evil, to the community. For there are few universal rules in any art or science; and, in all cases, he must be considered the wisest man, who follows the general principle, and yet avails himself of exceptions, as they occasionally occur.

These are the impressions under which the following work was commenced, and with which it is now submitted to the public. The author has laboured to render his investigation of the external Corn Trade, both theoretically and practically, as comprehensive and complete as possible. He believes there is no branch or ramification of the question, the principles of which are not examined in the following pages.

The first object of the author, when he entered upon his work, was to ascertain what, in this department of economical science, had already been performed. On referring to the "Wealth of Nations," he found that the principles of the internal Corn Trade had been placed in a light so perspicuous, and

supported by arguments so irresistible, that, on this branch of the subject, little remained to be said. He closed the digression, which concludes Dr. Smith's chapter upon bounties, impressed with a feeling of regret, that our great economist should not, by a more full application of his principles to the external trade, and by pushing them through all their important consequences, have secured us against the absurd speculation, and the pernicious practice, which, notwithstanding the light diffused by his admirable work, have since occurred on almost every question connected with the national subsistence.

From studying Dr. Smith, the author was led to consult Mr. Malthus. In the writings of the professor he found hints for reflection, and suggestions for farther thought; but he looked in vain either for a development of principles before undiscovered, or for consistent deductions from those already established. It is a singular fact, and one which it is not improper to impress upon the public, that, in the

leading questions of economical science, Mr. Malthus scarcely ever embraced a principle, which he did not subsequently abandon. He owes his reputation as a political philosopher to the successful manner, in which he applied a principle of Wallace to confute the obnoxious theories of Godwin and Condorcet. Mr. Godwin maintains the perfectibility of our nature, and affirms, that as the human mind advances in improvement, benevolence will become the ruling passion, and a state of equality be established among mankind. Mr. Malthus answers, that if this supposed perfection (necessarily implying the operation of moral restraint in the highest degree) should exist, the principle of population would soon subvert it; and yet afterwards, extraordinary as it may appear, he asserts, that the principle of population may be checked by moral restraint. Here is a palpable contradiction—He first affirms that the perfection supposed, is too feeble for the principle of population, and then asserts, that the moral restraint, which is only a part of this perfection, may control the

principle of population. Thus is one identical cause made at once inadequate, and adequate, to one and the same effect.

In his "Essay on Population,"* Mr. Malthus argues at great length in favour of bounties for forcing the exportation of our agricultural produce, and yet, in his observations on the Corn Laws (page 42,) he states the impossibility of England's becoming an exporting country. When the controversy arose on the question whether the difference between the value of our currency and of our coin was occasioned by an excessive issue of paper by the Bank, or by an extraordinary demand for the metals upon the continent, he was known to be a strenuous supporter of the former opinion; yet, in the "Grounds for an Opinion on the Policy of restricting the Importation of Foreign Corn," (page 9,) he states his belief that the paper of this country has risen in value, notwithstanding the increased issues of the

* Book III. Chap. ix. and x.

Bank.* If these fluctuating and contradictory opinions, however, do not indicate that, in the difficult science of political economy, Mr. Malthus has attained any very clear conceptions, or arrived at any certain conclusions, they at least must serve to convince us that he possesses, in a very eminent degree, a spirit of candour, and the love of truth. Though his works cannot, perhaps, in any instance, be safely consulted for practical authorities, they may always be advantageously referred to as furnishing materials for speculation, and

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* The very inaccurate and unphilosophical language which Mr. Malthus employs when alluding to our monetary system, shews that he has not yet attained any accurate conceptions on the question of the currency. "Our currency is still depreciated in reference to the bullion currencies of the continent. A part, however, of this *depreciation* may still be owing to the value of *bullion* in Europe not having yet *fallen* to its former level." Now, when a difference exists between currency and bullion, if it has been produced by a fall in currency, there is depreciation; but when the difference is occasioned by bullion having risen, there is no depreciation. To say that currency is depreciated owing to bullion not having fallen to its level, is a confounding of terms.

suggesting hints for inquiry. The spirit, too, in which his essays are written, forms a pleasing contrast to that which pervades the publications of certain economists, patrician and plebeian, who, having lost themselves in the labyrinths of erroneous theory, with disdainful pertinacity reject the clue of facts.

The principles of Dr. Smith, and the suggestions of Mr. Malthus, are not the only sources from which the author has derived assistance. The investigation of error has often a most beneficial effect in leading to more clear perceptions of truth; and he, therefore, hopes that he may have fallen under some obligations both to the Earl of Lauderdale, and to Sir Henry Parnell. From private friendship, too, he has received aids, which he should not obey the impulse of his feelings, were he to omit to acknowledge. To the acute discernment of Dr. Crombie, with his distinguished talent for abstract and profound inquiry, the author, in the revision of this work, as on other occasions, has been much indebted.

After this acknowledgment of the aids which have been received, it will now be proper to present the reader with a brief account of what has been performed.

In the first place, the author has availed himself of the principles of the internal Corn Trade unfolded by Dr. Adam Smith, and, giving them what he conceives to be a fuller development, and a more clear arrangement, applies them to the external trade, and traces their operation with respect both to exporting and importing countries. Thus far the argument is popular and obvious. In the succeeding chapter, however, which treats of the influence of the price of corn on the value of currency, and on the productive powers of industry, he is necessarily led to investigate the more elementary principles of the science. Here many of the discussions are, at least with respect to the author, original. The principles of the natural and market price of labour, he does not remember to have seen previously developed, and, he conceives, they throw a new and important

light on the manner, in which the price of subsistence influences wages and production.

In the division of his work, where he examines the limitations to which, in their application to particular cases, the general principles previously unfolded are liable, the author conceives that several of the disquisitions, particularly those relating to the indirect operation of internal taxation, upon the importation of foreign articles, were never before presented to the public. He believes, however, that one or two of the arguments contained in the Second Part, may have been suggested by a pamphlet of considerable merit, entitled "Observations on the Importation of Foreign Corn," and an excellent article which appeared in the Eclectic Review.

In a work which professes to develop first principles, and which even ventures to put forth some pretensions to original discussion, extending, in one or two instances, perhaps, the limits of economical science,

the frequent allusion, in the latter chapters, to the particular and temporary discussions of the day, may, perhaps, by the rigid critic, be considered as objectionable. The great importance of these topics induced the author to enter largely into them; and, the hope of contributing something to the right decision of a question involving, in a far greater degree than any other, which has come before the legislature, the vital interests of the whole community, rendered him not unwilling to depart from the unity of his original design, and to conjoin controversial detail with general disquisition.

London, Feb. 17th, 1815.

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AN ESSAY, &c.

Part the First.

ON THE GENERAL PRINCIPLES OF THE EXTERNAL TRADE IN CORN.

CHAP. I.

I. On the Principles of the internal Corn Trade. —II. These Principles applicable to the external Trade.

I. THE inequality of the seasons, with respect to scarcity and plenty, is one of those obvious facts which force themselves upon the attention of all. Whoever looks abroad upon the face of the country, perceives, that, under a precisely similar course of culture, the same piece of ground will, in one year, present an overflowing harvest,

and, in another, scarcely repay the expense of tillage.

Now, this inequality, in the productiveness of the seasons, is greater in a small, than it is in a large district. A single field may, in some years, give a produce, double, treble, or perhaps quadruple to that, which, under the same course of husbandry, it may yield in others; but an extensive farm, much less an agricultural parish, composed of many farms, could scarcely, in its fertility from year to year, exhibit so striking an irregularity. The irregularity would be still less if we took the average produce of a county; and less yet, if we took the average produce of the whole kingdom. Other things remaining the same, in proportion as the territory, which supplies subsistence, is extended, the inequality in the productiveness of the seasons, will be diminished.

This principle is so obvious, that illustration is scarcely requisite. The seasons most unfavourable to the crop of corn, are those of excessive drought and of excessive rain. But as corn grows equally upon high and low lands, on those which are disposed to be too wet, as well as upon

those which are disposed to be too dry, the drought or the rain, which is hurtful to one part of the country, is favourable to some other; and though, both in the wet, and in the dry season, the crop is a good deal less than it would be in one more properly tempered, yet, in both, what is lost in one part of the country, is, in some measure, compensated by what is gained in another; and thus, the general crop of the kingdom will never vary so much from year to year, as the particular crop of a county, a parish, or a farm.

On the principle, that the inequality in the productiveness of any district, diminishes, in proportion as that district is enlarged, it is demonstrable, that, in order to correct the evils arising from the uncertainty of the seasons, and to obviate the alternate recurrence of superfluity and of famine, an agricultural country should extend perfect freedom to the internal trade in corn. In years when the general crop has been deficient, the inhabitants of those particular districts, in which the irregularity of the seasons has been little felt, might, perhaps, complain, that their abundance should be withdrawn by the speculations of the

corn dealer; and that they should be exposed to an artificial scarcity when nature had lavished plenty. The following considerations will shew, that this complaint could be dictated, only by a short-sighted selfishness, as ignorant of its own true interest, as regardless of the general good.

1. Allowing a free circulation of corn, throughout all the districts of the kingdom, and thus, in a year of scanty harvest, compensating the deficiency of one quarter, by the comparative abundance of another, and equalizing the pressure, as much as the state of the roads, and the means of communication, will admit, not only mitigates the general suffering of the country, but, even to those particular districts, in which the crop may have succeeded, but which the freedom in the internal trade has rendered partakers in the general distress, gives, in the assurance of future relief, ample compensation for present pressure. Those very districts which have, this year, an abundant crop, may, next year, have one that is deficient, and that free circulation of corn which now deprives them of part of their abundance, and puts them upon thrift and saving, may, a few

months hence, supply their necessities from those very quarters which they now relieve.

Thus, in a country where a free internal trade in corn is permitted, each district receives, in its turn, the most important benefits; and, should the country be of considerable extent, and its means of communication ample, though it might occasionally be visited by dearth, yet, the pressure falling equally on all, and the favoured districts in some measure compensating the failure of crop in others, the hardships of dearth could scarcely, even in the most deficient years, be heightened into the miseries of famine.

2. This will appear still more evident, when we consider the farther effects which an unshackled domestic trade in corn has, both on the distribution, and on the production, of this important article. The public good requires that the supply of subsistence should be equalized, not only through all the districts of the country, but, also, throughout all the periods of the year. When the supply of grain is inadequate to subsist the people abundantly, until the return of the next harvest, economy in the consumption of food, is the only

means by which they can escape a famine. If they put themselves, in time, upon the necessary degree of saving; if, for example, they consume daily, an ounce or two less food than ordinary, they may pass on to the next harvest, without suffering any very serious inconvenience; but if, on the contrary, they were to feast, with their usual profuseness, for eleven months, and leave the whole deficiency to fall on the few last weeks of the year, multitudes must perish of famine.

Now, an unrestricted domestic trade in corn, forces the people upon that timely economy in the consumption of food, which, partly from an improvident disregard of the future, and partly from ignorance of their danger, they might otherwise fail to adopt; for, when the operations of the corn dealer are unimpeded, he, on the prospect of a deficient crop, and while grain as yet continues cheap, buys up corn, under the expectation that it must soon bring a higher price; and thus, before it is too late, advertizes the deficiency of food to the people.

Nor need the people ever apprehend, that the corn dealer, when the trade is left free and open, can have an interest in buying up grain too largely,

and in putting them to unnecessary distress. When there is a real scarcity, it is the interest of the great body of consumers that the price of corn should be raised sufficiently high, to cause such a degree of economy in consumption, as may enable the supply to last throughout the year. It is also the interest of the corn dealer to raise the price thus high; and it never can be his interest to raise it higher. If, by raising prices too high, he discourages consumption so much, that the supply of the season is likely not to be used until some time after the next crop begins to come in, he runs the hazard, not only of losing a considerable part of his corn from natural causes, but of being obliged to sell what remains, for much less than he might have obtained for it several months before. If, by not raising the price sufficiently high, he discourages consumption so little, that the supply of the season is likely to be exhausted before the next harvest, he not only loses a part of the profit which he might have made, but he exposes the people to suffer, before the end of the season, instead of the hardships of a dearth, the horrors of a famine. It is the interest of the people, that

the daily, weekly, and monthly consumption, should be proportioned, as exactly as possible, to the supply of the season. The interest of inland corn dealers is the same. By supplying the people, as nearly as they can judge, in this proportion, they are likely to sell their corn at the highest price, and with the greatest profit; and their knowledge of the state of the crop, and of the daily, weekly, and monthly sales, enables them to judge, with more or less accuracy, how far the markets are really supplied in this manner. Without intending to promote the interest of the public, corn dealers are necessarily led, by a regard to their own interest, to act in the manner most beneficial to the great body of consumers. They perform towards the population of a country, functions precisely similar to those which are performed by the prudent captain of a ship, who foreseeing, that provisions are likely to run short, puts his crew upon short allowance.

3. But it is not only by equalizing the supply of subsistence throughout all the districts of the country, and periods of the year, that the unrestricted operations of the inland corn trade mitigate the

evils arising from irregular seasons, and obviate the alternate recurrence of superfluity and famine. As the growers of corn always cultivate, as nearly as possible, to such an extent, that, in average years, the supply will equal the demand; it necessarily follows, that, in deficient years, the supply must fall short of the demand; and, in abundant years, exceed it. Hence, where the internal trade in corn is left free, intelligent and opulent merchants will not limit their speculations to equalizing, throughout the country and the year, the supply of a single season, but will aim at correcting, in some measure, the irregularities which take place from year to year. These irregularities have limits which they rarely pass. If two or three years of abundance have occurred in succession, there is a strong probability that the next may be a deficient, or, at least, an average year. This probability will enter into the calculations of the skilful and wealthy corn dealer. When two or three abundant years have thrown superfluous corn upon the market, its price becomes extremely low; and the capital that should be employed in buying it up, and preserving it in stores and gra-

naries, until the recurrence of a deficient crop again elevated prices, would obtain extraordinary profits. The expectation of obtaining these, would induce the dealer to keep on hand as much of the old crop as possible. The more capital he could employ in this way, and the more accurately he observed the cycles of plenty and of dearth, which the seasons generally perform, the more he could enrich himself, and benefit the public.

Nor need the public be at all apprehensive, lest his avarice should prompt him to keep up corn beyond what the irregularity in the annual supply might render expedient. In this, as in the former instance, the interest of the dealer and of the consumer exactly coincide. Should the dealer hoard his corn beyond what was necessary to equalize the supply of one year with another, he would not only lose a considerable portion of his stock, from natural causes, but, on the return of a good harvest, would be obliged to dispose of what remained at a lower rate than he could before have done; and should he, on the contrary, neglect to take the precautions pointed out by the inequality in the seasons, he would at once expose the country to inconve-

nience which might have been avoided, and miss the wealth which he might have realized. The more carefully he watches the course of the seasons, and calculates the periods which abundant and deficient years perform, the more rapidly he may enrich himself, and the more effectually supply the deficiency of one season with the superfluity of another.

In this manner, as society advances, as capital accumulates, and as the principles of economical science become understood, new resources are developed for warding off those terrible visitations of want and famine, to which, in ruder periods, nations are so frequently exposed. Not only does the establishment of perfect freedom in the internal corn trade in times of deficient crop, compensate, in some measure, the wants of one district by the comparative plenty of another, and render the pressure tolerable, by laying it equally on all; but this most beneficial measure of internal economy causes, whenever any deficiency occurs, the markets to be fed with such regulated and apportioned supplies, that a too rapid consumption is interdicted, and the stock on hand made to last until the returning harvest brings relief. And

further, it carries on the lavish bounty of one year, to correct the stinted kindness of another; until, in a country possessed of abundant capital, and having ample means of communication, the supply of subsistence may be equalized through considerable periods, and dearth rendered a rare, and famine an almost impossible, occurrence.

4. As corn is an article in more general use, and, therefore, more abundant, than any other; and, as the carriage of a commodity so bulky, is attended with considerable expense, wherever internal intercourse is left free, capital to a great amount, will invest itself in the corn trade. This capital will be principally directed to the erection of storehouses, to the filling of them with grain, and to the preservation of it in them, until a favourable market can be obtained. Indeed, in all we have said, respecting the various operations of the corn trade, the existence of stores, for the accumulation of corn, has been implied. To equalize the supply of grain throughout the several districts of a country; to feed the markets in a manner so regulated and apportioned, as to make the quantity of corn upon hand, last throughout the year; and, above all, to carry on a portion of the produce

of an abundant harvest, to meet the probable recurrence of a deficient crop, requires that a very large proportion of the mercantile capital of the country, should be employed in collecting grain, and in maintaining proper buildings for its preservation.

Thus, then, by the simple expedient of leaving the internal trade in corn free, all the functions of public granaries are performed; and not only so, but are performed at infinitely less expense, and far more effectually, than they could be by such complicated and difficult establishments. The revenue that it would require, to maintain public stores, and to lay up in them, in order to meet the vicissitudes and exigencies of the seasons, quantities of grain, equal to those, which, for the self-same purpose, private dealers can, with advantage to themselves, accumulate, such revenue, no country would consent to raise.

But, suppose it otherwise; suppose that the necessary revenue is raised, and the public granaries erected and filled; still, the state factors who should be put in charge of them, however they might be controuled, and however rewarded, would never attain the vigilance and skill of private individuals

watching over their own property, and perpetually stimulated by self-interest, to attend to every fluctuation of supply. The mismanagement would be without a remedy, and the waste enormous. Whatever expense a country might consent to incur, in order to preserve, in public granaries, a surplus of subsistence for deficient seasons, she could not attain this desirable end half so effectually, as by the simple wisdom of refraining from all interference, and leaving individuals at perfect liberty to embark their capital in the internal corn trade. The only granaries by means of which, in an extensive country, the recurrence of famine can be obviated, are those which, under a system of perfect freedom, the merchant and the factor find it their interest to erect.

Though, under a system of free trade, the storehouses of private traders perform, with infinitely less expense, and far greater effect, the functions of public granaries, yet they have, at all times, been viewed with peculiar jealousy and alarm, by the people whom they save. When the supply of any article, particularly if it be one of first necessity, is diminished below the demand, its value rises, not merely in the ratio of this diminution,

but in a ratio considerably higher; for example, if there be, in any market, a demand for a thousand quarters of corn, while the supply is diminished to nine hundred, then these nine hundred quarters will bring a larger sum, than a thousand would have brought. Some obscure notion of this principle, which, indeed, is a fundamental one in political economy, has ever led the consumers of corn to suppose, that, though the internal dealer, in his various operations of equalizing the supply through all the districts of the country, and periods of the year, and of preserving the superfluity of one season to meet the probable deficiency of another, may, to a certain extent, have an interest identical with that of the people, yet that he may, after all these legitimate objects are obtained, have a farther interest, diametrically opposite to theirs; and by keeping up corn until it perishes upon his hands, may secure a greater sum for the part that remains, than he could have obtained by allowing the whole to come to market.

The error here involved, arises from applying a principle that can be thus acted upon, only

with respect to commodities, the supplying of which is vested in exclusive companies, to an article of universal consumption, in an open market. It would be plainly impossible to establish, amongst the innumerable corn dealers, scattered over an extensive country, such an intimate and confidential union, as would induce each to let a given portion of his stock perish, in order to make a greater profit of what remained. But we will admit this absurd and impossible supposition, which is the foundation of the popular reasoning against the storing of corn; we will admit that the nefarious compact has taken place, and that, throughout the country, all the parties act upon it with good faith. The first consequence of all this would be, that, in the corn trade, the profits of stock would rise considerably above the customary level. But, from the unalterable laws of competition, and from capital ever seeking the most beneficial occupation, new adventurers would now flock into the corn trade; and the second consequence of the combination would be, its own destruction.

In vain would it be to urge, that the new adventurers might join the combination; for if

they did so, the rate of profit, in the corn trade, would still continue above the level, and the prospect of extraordinary gains would perpetually attract other speculators, until the whole commercial capital of the country would be thrown into the competition. Where government refrains from all interference, and competition is left free, it is impossible that, in any particular business, the profits upon capital can be sustained above the ordinary rate; nor is it in the nature of things, that a combination of all the capitalists in the country, or in the world, could, even supposing it to be established, injure the consumer, by raising the rate of profit above the level marked by the proportion which the supply of capital bears to the demand for it. While the effectual demand, or the power of purchasing all commodities, remains the same, the consumers who give a greater portion of their income for any one article, will have less to bestow on others. Hence, finding that as they succeeded in raising the price of one commodity, the demand for something else would, at the same time, and in the same proportion, be reduced; the combining capitalists would speedily relinquish their preposterous and absurd design.

No individual corn dealer can have an interest in keeping up corn to an extent injurious to the public; because the competition of all the other dealers in the country, would immediately bring down to the general level, any artificial elevation of price which he might induce in the particular market he supplied. No combination of all the corn dealers throughout the country, even if its existence were possible, could, for any length of time, keep up prices, even in years of scarcity, beyond what the state of the crops rendered desirable; because, as soon as the corn dealers began, by such means, to acquire exorbitant gains, the competition of all other mercantile capitalists would effectually prevent the profits of the corn trade from continuing above that ordinary and level rate, which, according to the circumstances of the country, is due to mercantile stock. Nay, no universal combination amongst the capitalists of the world could so raise the general rate of mercantile profit, as to render the interest of the corn dealer different from that of the people; because the means of purchasing, possessed by the consumer, constituting the only funds from which the profits of stock can be drawn, such combina-

tion (to say nothing of the impossibility of its existence) as it drew from the purchaser higher prices and larger profits, in one article, would infallibly diminish, in an equal degree, the profits before obtained upon some other; and thus, immediately counteract and destroy itself.

The suspicion and alarm, with which the public view a large accumulation of stock, in the hands of the corn merchant, are entirely without foundation. Such accumulation is a source of safety, not of danger. Extensive stores of grain, and great capitals vested in the corn trade, so far from leading to any destruction of subsistence, in order to increase the profits on what remains, have, besides their operation in distributing, in the most advantageous manner, the supply actually in existence, the happiest influence upon future production, and ensure greater abundance in the years to come.

5. Whenever a country is sufficiently advanced in opulence, to render the business of the corn dealer distinct from that of the farmer, very considerable improvements begin to be realized in agriculture. Exempt from the care of retailing his produce to the consumer, the cultivator, without interrupting

his time, or distracting his attention, now gives himself exclusively to the concerns of his farm. From this division of employment, as is ever the case, he acquires increased skill and knowledge in his particular calling; and his fields become more productive, from this undivided application of what may be called his *moral capital.* The whole of his stock, too, a great part of which might formerly have lain for weeks and months, nay, perhaps, for the whole year, unproductive in his barns and stack yards, may now be immediately directed to bringing in new grounds, or to giving superior cultivation to the old: Nay, he may frequently be able to employ in production, not only his whole, but much more than his whole stock; for the merchant has now acquired a species of property in the soil; it becomes his interest to encourage the farmer, and he is willing, therefore, to advance to him the price of his produce, long before it is brought into existence.

Thus, when no pernicious controul interdicts the division of employment, the great capitals directed to the corn trade, become so many aids and backs to agriculture, enabling the farmer to cul-

tivate on a more extended scale, or sustaining him against accidental failures. But this is not all: every operation of the corn merchant, whether it be to equalize the supply through the districts of the country, and periods of the year, or to carry on the superfluity of one season, to meet the probable deficiency of another, has the effect of giving steadiness to the demand for agricultural produce.

Now, this steadiness given to the demand for his produce, affords the best possible protection and encouragement to the farmer. Though, in the neighbouring towns, no consumers could be found, yet, the corn merchant, acquainted with the wants of distant parts of the country, where the crops have been less favourable, would be ready to take his corn off his hands. Though, at the present period, all the markets throughout the country, might be abundantly supplied, yet the dealer, whose business it was to calculate how far the corn on hand was equal to the annual consumption, would be willing to purchase, in order to be prepared for renewed demands, at later periods of the year. Nay, though the stock on hand should be more than sufficient

for the consumption of the season, still, the factor might be ready to receive the farmers' corn, under the probability that ensuing harvests would be less abundant.

Thus, in proportion to the extent of the capital employed in the corn trade, is the farmer's certainty of finding, at all times, a ready sale for his produce. The certainty of a market, with the greater steadiness of price conferred upon his produce, enables him to calculate, more accurately, the amount of the rent he can afford to pay, and the quantity of stock he can beneficially invest in the soil. All the risks attending cultivation are diminished, and improvement advances with a steady, uninterrupted pace. It is in this manner that great accumulations of grain, and commanding capitals vested in the corn trade, instead of leading to a destruction of subsistence, powerfully conduce to its increase.

Having now unfolded, as fully as is necessary to our present purpose, the leading doctrines of the internal corn trade, and obviated, as we passed, some of the popular objections against this most important branch of traffic, we shall dismiss the present preliminary part of our subject, with a

brief recapitulation of the principles contained in the foregoing pages.

Summary

An unrestricted internal trade in corn, performs five distinct operations, which, by regulating the distribution, and by augmenting the quantity of subsistence, rectify the irregularity of the seasons, and obviate the alternate recurrence of superfluity and of famine. This traffic, in the first place, equalizes, in a deficient year, the supply of corn throughout the country, and renders the pressure tolerable, by laying it impartially on all: secondly, when the average supply of food, through the different districts, is less than the average consumption, it feeds the markets so gradually, and frugally, that the people, put timely upon short allowance, are, towards the end of the season, saved from famine: thirdly, when an overflowing harvest gives a supply of food beyond the consumption of the season, it carries on the superfluity to meet the probable deficiency of a future year: fourthly, it performs, with infinitely less expense, and far more effectually, the functions of public granaries; and, fifthly, it relieves the farmer from the distracted attention, and interruption, and waste of time,

which would impede his operations, if he personally distributed his produce to the consumer; enables him to invest his whole, and often more than his whole capital, in the important business of production; imparts a steadiness to prices, which, in a great measure, removes the risks attending cultivation; and thus, by ensuring a certain market, promotes, in the most efficient manner, the growth of corn.

II. As the territory which supplies subsistence is enlarged, the irregularity in the productiveness of the seasons will be diminished. This is a general principle, equally applicable to the districts of a country, and to the countries of the world; and the statement of it is sufficient to suggest the close analogy which exists between the various operations of the internal and of the foreign trade in corn.

1. If, within the limits of a single state, the same season is never universally unfavourable; but, in the worst years, the comparative abundance of one district may be made, in some measure, to compensate the failure in others, with how much greater force must the principle apply

to all the states of Europe, and to all the quarters of the globe. It has probably never yet occurred, that, in the same year, the harvest has failed in all countries. In seasons when England does not produce an average crop, France may have an abundant one; and if, both in England and in France, the crops should be deficient, in Germany and in Poland they may be in excess. Even should Europe, as has been sometimes known, fail of producing an average supply, in Asia, in Africa, or in America, the deficiency might be made good.

Hence, on the very same principle that we should give freedom to the internal trade in corn, we should also give it to the external trade. The merchant who equalizes the supply of subsistence through all the countries of the world, performs, though on a grander scale, and in a more accurate manner, functions precisely analogous to those performed by the dealer, who equalizes it through all the districts of a country in a manner more accurate, because the irregularity of the seasons, in any territory, is in an inverse ratio to its extent. The produce of all the commercial countries of the world, varies from year

to year in a much less proportion than the produce of any single country; and, consequently, the commerce which equalizes it throughout the countries of the world, must render the supply more steady than the trade which distributes it equally through the provinces of a country.

For example; if, in England, the most unfavourable harvest which generally occurs, reduces the crop, one district with another, a tenth below an average crop; while, in the whole of Europe, the most unfavourable season that usually occurs, reduces the crop, one country with another, only a twentieth below the average; it is evident that, with respect to giving steadiness to the supply of corn, the free external trade, which equalized it throughout Europe, and thus gave us our usual consumption within a twentieth, would possess twice the advantages of a free internal trade, which, only equalizing the supply throughout England, left our usual consumption deficient by a tenth. A free internal trade between the districts of a considerable agricultural country, obviates famine; but, a free external trade between all growing countries, would render it next to impossible that we should be visited even by a dearth.

2. This will appear still more evident, if we trace, through its other operations, the close analogy which the foreign bears to the home trade in corn. It is of the greatest advantage to the consumer, that subsistence should be equalized, not only through all districts, but also through all periods; and that the monthly, weekly, and daily consumption should be apportioned, as nearly as possible, to the supply of the season. In whatever degree the crops may have failed of their average, this operation of the corn trade puts the people, in a corresponding degree, upon short allowance; and thus saves them, at the end of the year, from the miseries of want. But, in her general results, Nature rectifies particular irregularities; and the crops, throughout all commercial countries, never fail of their usual average, in so great a degree as the crops of a single country. Therefore, when the foreign trade is free, the consumers, though crops should fail of their general average throughout the world, which is an extremely improbable occurrence, will not, by its operations, be put upon so reduced an allowance as would be necessary to their safety, if the external trade were re-

stricted, and, which is a very probable occurrence, crops failed of their average at home.

But the foreign has an advantage over the home trade, not only in having a smaller failure in the average supply to equalize throughout the year, but also, in allowing this operation to be performed with more exactness. The merchant who, in case of his miscalculating the extent to which crops had failed of their average, and keeping up corn beyond what the real deficiency of the seasons rendered necessary, ran little risk of his superfluous accumulations perishing on his hands, but could, at his option, throw it into any more favourable foreign market, would, with increased confidence, buy up corn in the beginning, in order to be enabled to meet, with a profit to himself, the wants of the latter end of the season. Hence he would more effectually secure the country against want; though he might, if the operation of free external trade rested here, sometimes put the people upon unnecessary thrift in the consumption of food.

The operation however would not rest here: if, from the security which they thus obtained in purchasing up corn, merchants should be tempted to

stint any particular market in a greater degree than the failure of an average supply, throughout the growing countries, rendered necessary, they would, in that particular market, give prices an unnatural elevation, and thus invite the competition of other merchants; and corn would flow in from other quarters, and from other countries, to relieve the consumer from the unnecessary and unequal pressure. In commerce, competition is as the principle of gravitation, which, the instant restraint is removed, draws all things to their proper level. The foreign corn trade, when it operates unimpeded by pernicious regulations, not merely enables the dealer to equalize, throughout the year, instead of the uncertain supply of a single country, the regular and nearly uniform supply of all; not merely gives him confidence and spirit in these important functions, but, at the same time, fully secures the public against the effects of his occasionally overtrading, and stinting the market unduly.

3. But the security and confidence which free external trade confers upon the dealer, would, in the operation of carrying on the superfluity of one season, to meet the deficiency of another, be far greater, and far more beneficial to the public,

than it could be in the operation of equalizing the supply throughout the year. When the external trade is subjected to restrictions, the corn dealer, who, in any particular country, performs the important office of preserving the superfluity of one year to meet the deficiency of another, incurs very considerable risk. For, though a succession of abundant years, glutting the markets with grain, and leaving on the farmer's hands, produce, for which there can be, at present, no consumption, may probably be succeeded by deficient years, requiring, to make them good, all the surplus that can now be saved; yet, the succession of such deficient years is but a probability, in speculating on which, the merchant, however accurately he may have observed the general succession of events, will often find his calculations falsified by a particular result. Now, when his calculations are thus falsified; when, after a course of abundant crops, deficient ones do not immediately succeed, the merchant who had bought up, in the years of plenty, to sell, with a profit, in the years of dearth, will sustain a considerable loss; and may, perhaps, be ruined. But where a free external trade exists, such things cannot be.

The irregularities in the particular operations of nature, rectify each other, and interfere not with the uniformity of her general results. An unusual succession of abundant years may often occur in a single country, but probably, never yet occured, at the same time, throughout all countries. The merchant who might buy up the superfluity occasioned by two or three overflowing crops in England, and who should find, contrary to his expectations, and the usual course of things, that the approaching year promised also to be abundant, would, under a free external trade, be certain, that somewhere else, deficiencies would occur, and be secure of finding, in some other country, in France, Spain, or Italy, in Europe, Asia, or Africa, that vent for his stock which could not be obtained at home. Thus all the risks which might have deterred the timid from attempting to carry on the superfluity of one year, to meet the deficiency of another, would be diminished, and capital would flow with sufficient abundance, into a channel of commerce, so effectual in distributing to the consumer, a certain and uniform supply of corn.

4. As its more extended operations, and its increased security, drew larger capitals to the corn trade, the stock in the hands of the various dealers concerned in it, would become more considerable, and their accumulations would more effectually supersede the necessity, and perform the functions of public granaries. Thus again, the effects of the foreign, would be strictly analogous to those of the domestic trade in corn. The irregularities of the seasons, with respect to the production of corn, lay the foundation for so extensive and so beneficial a commerce in this article, bulky and of universal consumption as it is, that, were all restrictions, internal and external, removed, it would, in its various operations, employ capital to an incalculable amount. To equalize the supply, not only through all the districts of countries, but through all the countries of the commercial world; and effectually to carry forward the superfluity of some years, to meet the deficiency of others, would require stores and granaries, almost immeasurable. The accumulation of grain, which it would be the interest of dealers, in every country, to keep up, would be so immense, that not only unforeseen,

or unprecedented irregularity in the seasons, but even temporary interruptions of that free intercourse itself, from which these most important benefits result, might be immediately provided for. The accumulations of corn, occasioned by an unfettered commerce, would be more efficacious in obviating famine than the granaries of Pharaoh.

5. But it is not only by equalizing subsistence more perfectly throughout all the regions of the world, and in laying up and preserving the superfluity of one year for the wants of another, that the external trade in corn, when exempt from pernicious restraint, corrects the irregularity of the seasons, and secures the earth from famine. Its operations, again analogous to those of the internal trade, exert the happiest influence upon production. Every increase of capital which it draws to the purchase, the preservation, and the distribution of grain, is an additional back and support to the farmer; and every operation that gives steadiness to prices, diminishes the risks of cultivation. As Dr. Smith most justly observes, next to the trade of the farmer, no trade encourages the growth of corn so much as that of the corn merchant:

and, if his trade were unfettered, it would not be easy to calculate the impulse which agriculture would receive through all the growing countries of the world.

Thus, every view which we take of this important subject tends to a more clear perception of the analogy between the operations of the internal, and those of the external trade in corn; and to impress us with the magnitude of the benefit which unrestricted commerce, in this article, is calculated to confer. By equalizing subsistence throughout all the countries which engage, actively or passively, in commerce; by distributing the supply, in regular proportion, through all the periods of the year; by carrying forward the superfluities of abundant seasons, to meet the wants of deficient ones; by occasioning the establishment of stores and granaries; and by giving security to agriculture, and consequently, a new impulse to production, it seems that an unfettered foreign trade in corn, might render famine impossible, and make even dearth an extremely improbable occurrence. The inequality in the productiveness of the seasons, diminishes as territory extends. The deficiency of

crop, in one country, is compensated by abundance in other countries; and the quantity of human sustenance, which, under any given state of agricultural improvement, our earth produces, may be considered as not liable to any very considerable variations from year to year. Hence, were perfect freedom granted to the external trade in corn, and all its operations effectually carried on, the supply and the price of grain, except as they might be influenced by the expense of carriage, and by the gradual progress of cultivation, would not only be equal throughout all commercial countries, but would continue steady, and almost stationary, *for periods of years.* Neither famines nor dearths would occur in the future history of the world.

These reasonings upon the external trade in corn, receive the fullest sanction from experience. Holland, we are told, by the simple expedient of leaving this branch of commerce free, obtained, at all times, a supply of corn equal to her demand. Though her territory was inadequate to her subsistence, and though her population depended, almost entirely, upon foreign supply, yet she was exempt from those sudden and considerable fluctuations in

the price of bread, which often prove so calamitous in countries which possess every territorial advantage, but whose economical system has less of wisdom. Nay Holland not only enjoyed ample supply, and steady price; but such were the benefits derived from unrestricted external trade in corn, that they extended beyond herself. She possessed, at all times, supplies of grain beyond her consumption; and, though not a corn country, became a kind of granary for other countries. The grain kept in store by her merchants, always exceeded her own annual wants so far as to enable her to supply the occasional deficiencies of the neighbouring countries; and the price of corn in Holland, represented, pretty accurately, its average price in Europe.

CHAP. II.

On the Influence of the external Trade in Corn; on the Subsistence, Wealth, and Prosperity, I. of the Country that permanently exports; II. of the Country that permanently imports Grain.

In the preceding chapter we considered the foreign trade in corn, as, by equalizing food through different countries, and different periods, by establishing granaries, and by giving encouragement to agriculture, it rectifies the irregularities of the seasons, and ensures, at all times, a steady and an abundant supply of human sustenance. In the present chapter we will take a less general view of the question, and consider the foreign trade, not as it alternately removes redundancy, supplies deficiency, and regulates the supply of food throughout the world, but, as it affects the subsistence, wealth, and prosperity, of those parti-

cular countries, which permanently export, or permanently import grain.

When overflowing harvests have, in one country, reduced the price of corn, while, in some neighbouring country, deficient harvests have raised it, then corn will flow, from the one, into the other. This, however, would be a merely temporary adjustment of supply, and could not give the former the character of an exporting, nor the latter the character of an importing country. But when, in average years, the price of corn is lower in one country than it is, in such years, in another, while this other country has lower prices, in something else, then the one will permanently export, and the other permanently import subsistence. For example, while Poland can raise corn cheaper than England, and England prepare cloth cheaper than Poland, the latter, unless some violent interference should prevent it, will become an exporting, and the former an importing, country.

I. Now the country, which permanently exports a part of its produce, is secured, in the most effectual manner, against the visitations of want;

and enjoys all the benefits, which, in the last chapter, were shewn to result from the external trade in corn. Prejudice, and passion, indeed, have often decided otherwise. When the inhabitants of an agricultural country, see a considerable part of its produce sent to supply foreign wants, they are very apt to conclude, that the foreign corn trade, however beneficial it may be to others, is injurious to themselves, and tends to inflict an artificial scarcity, when Nature had blessed them with abundance. But this conclusion, however obvious it may appear, and however frequently it may have been drawn, is entirely erroneous. The foreign demand creates the surplus it removes. When the exportation of corn is restricted, the farmer will cultivate, to such an extent only, that, in average years, the supply will equal the home consumption, and the consumer will not obtain corn cheaper, or more abundantly, than before. On the contrary, he will be in a much more precarious condition than if free exportation were allowed. For as, in an exporting country, the natural price of corn must be lower than its natural price elsewhere, such a country, in the event

of a deficient year, cannot be relieved by importation, until prices have run up very considerably above their customary and average rate. If Poland, where corn is naturally so cheap, were to prohibit exportation, and, consequently, to grow only her own supply, in an unfavourable harvest her people might be visited by famine, before the markets would be sufficiently high, to enable the merchants of France, or England, where the article is naturally so much dearer, to send her corn with an adequate profit. Hence, a country in which natural price is very low, is, if she restrain exportation, of all others the most likely to suffer from the irregularity of the seasons. If, on the contrary, she leaves the external trade in corn unfettered, cultivation is carried to an extent, far beyond what is necessary to supply home consumption, and a great surplus is created, from which, on the recurrence of deficient years, all the wants of her population may be made good.—The irregularities of the seasons are almost unfelt, and those sudden gluts, and critical suspensions of supply, which prove at once so injurious to the grower, and so calamitous to the consumer, are

unknown. A people clamouring against the permanent exportation of corn, is, in fact, a people clamouring for their own starvation.

But, though it cannot be controverted that an unrestricted exportation of corn, giving occasion to a more extended cultivation than is necessary for home consumption, is all-powerful to correct the inconvenience of unequal seasons, and to insure to a people an ample, and steady supply of subsistence, yet such commerce has frequently been represented as injurious to wealth and population. When a people exchange the produce of their soil, for the wrought goods of some neighbouring country, it has been supposed, that the raw materials and subsistence which they thus send abroad, might, to the great increase of the national opulence and prosperity, give employment to manufacturers at home. The slightest examination of the laws, which regulate the interchange of commodities between nations, is sufficient to show, that, for this supposition there is no foundation. When labour and capital are employed in cultivating the earth, and exchanging its produce for the manufactured goods of other countries, it is

because these goods, thus obtained, are better, or more abundant, than those, which the same quantities of labour and capital could have fabricated at home. This interchange, therefore, of produce against manufactures, effects a clear addition to the wealth of the nation. If a thousand labourers, and ten thousand pounds' worth of capital stock, can, when employed upon the soil, raise a quantity of produce which will exchange for a thousand yards of foreign cloth, while the same labour and capital, employed in manufacturing at home, could furnish only nine hundred, then, it is evident, that, by directing this labour and capital to cultivation, and to exchanging produce against wrought goods, an hundred yards of cloth are gained, and the country enriched, not impoverished.

Again, a country which employs a portion of its capital in raising a surplus produce for exportation, cannot turn its produce to maintain manufactories at home, until a further accession of capital, sufficient for their establishment, has been previously accumulated. If, in order to maintain a manufacturing population at home, capital be taken from the soil, then the industry of the country will

diminish, in proportion as that of the towns is increased, and the only difference will be, that a number of hands will be employed in fabricating goods, inferior in quantity, or quality, to those which the same number of hands formerly enabled the people to purchase by exchange from foreign countries. It is only by the acquisition of additional capital, that, without breaking up the old, new channels of industry can be opened; and it is by an unrestricted commerce, leaving labour and stock to find their most beneficial employment, that production is best increased, and capital most rapidly accumulated. Hence, perfect liberty to export the produce of the soil, accelerates the period of manufacturing prosperity in an agricultural country. In such a country, when capital begins to exceed what can be beneficially vested in the soil, it will seek other employment, and invest itself in the working up of the raw material.

Now, as a country which raises, within itself, subsistence and raw materials, can procure them cheaper than countries that import them, charged with the expense of carriage; and as the capital and labour which cannot be beneficially occupied

in cultivation, will, rather than remain unemployed, be satisfied with a very moderate recompense, natural prices, in a flourishing agricultural country, will become extremely low. But as the component parts of price become low, as materials and labour can be cheaply procured, and money borrowed at an easy rate, the home manufacturers gradually established, in such a country, will, particularly in the fabrication of coarser articles, on which the charge of importation is considerable, possess advantages which must more than counterbalance their deficiency in skill, and which will enable them to undersell the foreign workman, and beat him out of the home-market. When the coarser manufactures have thus established themselves, skill will gradually be acquired, capital will continue to increase, and the more refined productions of industry will, by degrees, be introduced. When this is the case, the corn that had formerly been exported to feed foreign workmen, will be retained at home to supply the wants of a manufacturing population. Such a population rises up most rapidly under a system that rejects restraint. Perfect freedom in the foreign corn

trade, not only secures the people of an exporting country against the irregularity of the seasons in supplying food, but, by allowing labour and stock to take the direction most profitable to them, is the best and most powerful means of increasing wealth and accumulating capital, and, consequently, of ultimately accelerating that manufacturing prosperity, to which ignorance has imagined it to be inimical.

II. If, from the many benefits, whether relating to subsistence, to wealth, or to population, which are conferred by the export trade in corn, any person should conclude that the opposite species of intercourse would produce opposite effects; and that a permanent import trade in corn must be injurious, he would find himself miserably deceived. It is only by leaving the import trade perfectly free, that a country can escape the irregularities of the seasons in supplying food. In countries where the natural, or what may be called the growing price of corn, is so high as to cause, in average years, a part of their consumption to be brought from other countries, an unrestricted importation trade is necessary to prevent a ruinous fluctuation

in the markets. For the expense of carriage, on an article so bulky as corn, affords so great a protection to the home grower, that corn will not be permanently imported, except into a country where its natural price is very considerably above the level of other countries; and if, in such a country, restrictions are laid upon import so as to force, in average years, an independent supply, then, in abundant years, superfluity will be created, but will find no vent until prices have sustained an extraordinary fall. Exportation can take place only from places where articles are cheap, into those where they are dear. If, in the country which, by restrictions upon import, forced an independent supply in average years, the average price of corn should be ten per cent. above the level of other countries, and if the cost of conveying the article to the foreign market should be ten per cent. more; then, in such a country, corn must, in an abundant year, fall twenty per cent. before the glut could begin to be removed by exportation. Though, in the event of deficient crops, foreign corn might be admitted so as not to let prices run much above those of average years; yet, between the prices of

such years, and the very low comparative prices at which, in abundant ones, merchants could export with a profit, there would be perpetual, and even great fluctuations. The effect of these, upon the grower, would be distressing, and upon the consumer would be calamitous. As in, countries where natural prices are so low that relief cannot be obtained from abroad, until the markets have acquired an extraordinary elevation, a free exportation trade is necessary to ensure the people against the irregularity of the seasons; so, in a country where natural prices are so high, that superfluity cannot be carried off until the markets have sustained an extraordinary fall, it is necessary, in order to attain the same desirable end, that there should be an unrestricted import trade.

But it is not only in correcting the irregularity of the seasons, and in securing, at all times, a steady supply of subsistence at a steady price, that, when the circumstances of the country naturally lead to it, the permanent importation of corn is beneficial. The advantages of commerce are always reciprocal. As the country which permanently exports corn, does so only because she obtains, in exchange,

a greater quantity of other goods, than the labour and capital, which raised the corn, could have produced at home; so, the country that imports the corn does so, only because the labour and capital employed in fabricating the articles which purchase it, could not, if employed upon her own soil, raise so good a supply of corn as is thus obtained. If a thousand labourers, and a thousand pounds' worth of capital stock, can, in England, fabricate a quantity of cottons, which, when exchanged with some other country, will bring her a thousand quarters of wheat; while the same number of workmen, and the same amount of capital, employed in cultivating her soil, will raise only nine hundred quarters of equal goodness; then it is evident that, by manufacturing the cottons, and importing the corn, she adds an hundred quarters to her wealth.

Nor would such an importation of corn, allowing labour and capital to take their most beneficial direction, be ultimately injurious to the interests of agriculture. On the contrary, that direction of national industry which is most beneficial to national wealth, must, in the long run, be most

friendly to agricultural improvement. As, in a country which cultivates cheaper than her neighbours, a free exportation of corn occasions an accumulation of capital, which, exceeding what can be beneficially employed upon the soil, flows out into other channels, and occasions the establishment of manufactures; so, in a country which can manufacture at a cheaper rate than her neighbours, the free importation of corn will occasion a more rapid accumulation of capital, which, exceeding what can be beneficially directed to working up the raw material, will seek other employment, and extend cultivation throughout the country. This branch of our subject is of great importance, and, even though we should incur the censure of repetition and prolixity, we will endeavour to unfold it more at large.

If, in any country, the customary rate of profit upon commercial and manufacturing stock be fifteen per cent. while the rate of profit upon the stock which might be turned to the extension of tillage would amount only to ten per cent. it is evident that tillage cannot be extended, that tracts, which would afford the speculator a profit of only ten per cent.

will remain unreclaimed, and that cultivation will be confined to such fertile districts as can yield to the capitalist the customary return. Even though these fertile districts should be insufficient to sustain the population, yet, while manufacturing and commercial profits continue to be higher than those which could be obtained by the cultivation of inferior lands, such lands will be neglected, and labour and capital will be directed to the more profitable occupation of fabricating commodities with which to purchase the necessary supply of corn from the foreign grower. Thus it is, that, after her fertile soils have been brought under the plough, a country which has acquired advantages in manufactures, necessarily becomes, unless industry should be forced from its natural direction, a permanent importer of corn. In the progress of prosperity, however, this process is, in some measure, reversed; manufactures and commerce have a reaction on the soil, pour back upon it the labour and capital which they at first appeared to take away, and, at last, enable a territorial state to attain a much higher degree of agricultural improvement, than that, to which, without their powerful

stimulus, she would have been capable of attaining. For the increase of wealth, the accumulation of capital, and the competition amongst capitalists, lower the interest of money, and reduce the rate of manufacturing and commercial profit, until it no longer exceeds, what can be obtained by reclaiming inferior lands. Capitalists, therefore, cease to be induced, by the prospect of greater gains, to leave such lands neglected; nay, if the customary rate of manufacturing and commercial profit should be reduced to nine per cent. the lands lately left untilled, because they could bring a return of only ten per cent. would be eagerly sought after, and capital would flow from manufactures and commerce, and vest itself in agriculture. In the progress of wealth, the profits of stock, and the interest of money, are gradually lowered, while land acquires a higher relative value, and tracts, which can afford a return of nine, of eight, or even of seven per cent. are brought into tillage. At length cultivation ascends the hills and scales the mountains, and the country wears the aspect of a universal garden.

No artificial encouragement afforded to agriculture can be so efficient as that, which results in this

manner from the general opulence, and from the reaction of manufactures and commerce upon the soil. Bounties upon export, and restrictions upon import, might, indeed, give an increased relative value to land, and raise the price of its produce, until the cultivation of very inferior lands afforded, for a time, at least, a profit sufficiently high to draw labour and capital from other occupations. But this forced and artificial encouragement, afforded to agriculture, would be dearly, much too dearly purchased. Corn is imported, because the labour and capital, employed in this way, bring a larger supply than they could raise at home. If we restrict importation, or grant bounties, or in any way turn capital from its most beneficial occupation, we check the progress of wealth, and the farther accumulation of capital; and, consequently, prevent the profits of stock, and the interest of money from becoming lower. But it is the accumulation of capital, and the consequent reduction in the rate of profits and interest, which enhance the wages of labour, give a spur to population, and increase, in the home market, the demand for corn. The demand regulates the sup-

ply. The country which gives a forced and artificial encouragement to agriculture, will have less wealth, less capital, less population, a less demand for corn, and, consequently, a less extended and perfect cultivation than the country, which, leaving things to their natural course, and permitting industry to take its most profitable direction, receives subsistence from whatever quarter it can be obtained at the cheapest rate, until capital, accumulating beyond what can be profitably employed in preparing articles for the foreign market, overflows, like fertilizing waters, on the soil.

CHAP. III.

On the Influence of the Price of Corn; I. on the productive Powers of Industry; and, II. on the Wages of Labour, and on the Price of Commodities.

Having treated the external corn trade as it apportions the general supply of subsistence throughout the world, and as it operates upon the particular countries which permanently export or permanently import grain, we might now pass to consider the limitations to which our general principles are liable, and to point out what effects, in the actual circumstances and relations of this country, a free and a restricted intercourse would respectively produce.

The discussion of these topics, however, necessarily involves some of the elementary doctrines of political economy, with respect to price and pro-

duction; and it will, therefore, considerably facilitate our enquiries, if we previously examine the influence which the price of corn has upon the wages of labour, and on the productive powers of industry.

I. Price is that which is given for any thing. Now there are two kinds of price which, if we would attain to any accuracy in our reasonings upon commercial subjects, we must carefully distinguish; these are, market price and natural price. The market price of any commodity, as the term sufficiently denotes, is that which is given for it in the market; the natural price of any article, is that which is given for it at the original store-house of nature, or, in other words, that which must be bestowed upon its production. Market price is determined by the proportion which exists between supply and demand; and is subject according as this proportion varies, to perpetual fluctuations. Natural price is more steady; but, as it is more complex, our apprehensions of it may be rendered clearer and more definite, by analyzing it into its component parts, and explaining

the circumstances by which these may be lowered or elevated.

Whatever we consume is derived from labour, capital, and land; whoever would purchase from nature any article of wealth, must devote a portion of these to its production. Labour, capital, and land, therefore, (including under the latter term mines and fisheries) constitute the component parts of the natural price of all things. When land is fertile, and labour and capital are skilfully applied, a greater quantity of wealth is brought into existence; that is, less is given for production; in other words, natural price is low. On the contrary, when land is indifferent, and labour and capital unskilfully applied, few articles are brought into existence; that is, more is given for the production of commodities; or, natural price is high. Hence, to reduce natural price is the same thing as to increase the productive powers of labour, capital, and land; and to advance it is to reduce them.

He who personally employs labour, capital, and land, in the production of commodities, pays the natural price of them *directly*; he who does not

engage personally in production, but merely gives for commodities the wages of the labour, the profits of the capital, and the rent of the land employed in production, pays the natural price *indirectly*. Hence wages, profit, and rent, may be considered as constituting the *indirect* natural price of things. As labour, stock, and land, have the most intimate relation to their respective wages, profits, and rent, it will not be often necessary to consider these two kinds of natural price as distinct. However, when so considering them would tend to the clearness of our reasonings, or to the accuracy of our conclusions, we will employ the term "indirect natural price" to signify the wages of the labour, the profits of the stock, and the rent of the land, employed in production.

As the wages of labour, the profits of stock, and the rent of land, form, indirectly, the component parts of natural price, we will briefly consider the variations to which they are liable. In the first place, there is every where a general and ordinary rate of wages, which is determined by the circumstances and habits of the country, and which it is found difficult permanently to alter.

The sum of money, indeed, by which this rate is expressed, may frequently and suddenly vary; but the quantity and quality of the food, raiment, and habitation, in which it really consists, cannot so easily be changed. The circumstances and habits of living, prevalent in England, have long determined that women in the labouring classes shall wear their feet and legs covered, and eat wheaten bread, with a portion of animal food. Now, long before the rate of wages could be so reduced, as to compel the women in this part of the United Kingdom to go with their legs and feet uncovered, and to subsist upon potatoes, with, perhaps, a little milk from which the butter had been taken, all the labouring classes would be upon parochial aid, and the land in a great measure depopulated. Thus difficult would it be, to effect such an alteration in the rate of wages, as would assimilate the real recompense of labour, between the eastern and western parts of the same kingdom.

There is also in every neighbourhood, a customary and ordinary rate of the profits of stock, which is determined by the proportion, that exists between the supply of capital and the demand for

it, and which cannot be altered, except by altering this proportion; that is, except by altering the general circumstances of the country, with respect to the accumulation and distribution of its wealth. In like manner there is, in every neighbourhood, a general and ordinary rate of rent for land, which, like the other component parts of price, is little liable to sudden variations; because, under any given state of fertility in land, and skill in the application of labour and capital, it is by these other parts of price that it is determined. For example, if the customary rate of wages be one shilling and sixpence a day, and the customary rate of profit be fifteen per cent.; and if, to cultivate any piece of ground, it requires, throughout the year, twenty labourers a-day, and capital stock, including all expenses, of two thousand pounds; then, under any given state of fertility and agricultural improvement, the rent of this piece of ground will be determined. The customary rate of wages, without which the labourer will seek employment elsewhere, amounts to £.547; and the customary profits, without which the farmer will vest his capital in some other business, amount to £.300. There-

fore, if this piece of ground is to be kept in cultivation, a sufficient quantity of its produce must be appropriated to pay these sums, and then, whatever may remain will be a net surplus, constituting the natural rent of the land proprietor.

From the above analysis of natural price, it will be evident that it is little liable to fluctuation. The quantity, indeed, of labour, of stock, and of land, necessary to the production of any article, as well as the rate of wages, of profits, and of rent due to them, may vary considerably in different countries and in different ages; but these variations, effected by a more or less skilful application of labour and capital, and by the degree, in which stock may be accumulated and wealth diffused, are rare in their occurrence, and gradual in their progress; and, in ordinary circumstances, and for any moderate period, natural price may be considered as nearly stationary.

While natural price is stationary, or subject only to gradual variations, market price, as has been already hinted, is, from the changes which are perpetually occurring in the proportion between the supply of commodities and the demand for

them, liable to sudden and considerable fluctuations. But, though market price is thus irregular, yet its movements are governed by fixed and determined laws; and natural price constitutes, as it were, a centre, towards which it has a perpetual tendency to approach. Whenever it sinks below this centre, production, having its expenses no longer repaid, is discontinued, and the supply of commodities diminished, until their value again become sufficient to pay the labour, capital, and land, necessary to bring them to market. On the other hand, if market price should at any time be elevated above the natural, labour and capital must, according to the invariable laws of competition, be drawn to the production of the articles which had acquired this extraordinary value; and the supply would be increased, until their market fell back to the level of their natural price.

These principles, in their application to corn, require no farther illustration. Though overflowing harvests may, sometimes, sink the market price of this article below, and deficient years raise it above the natural price, yet, on the average of seasons, corn will bear a value exactly sufficient to

pay, at the customary rates, the wages of the labour, the profits of the stock, and the rent of the land employed in its production. In their application to labour, however, the principles of market, and natural price, may require some farther explanation.

The proper way of regarding labour, is, as a commodity in the market. It therefore has, as well as every thing else, its market price, and its natural price. The market price of labour is regulated by the proportion which, at any time, and any place, may exist between the demand and the supply; its natural price is governed by other laws, and consists, in such a quantity of the necessaries, and comforts of life, as, from the nature of the climate, and the habits of the country, are necessary to support the labourer, and to enable him to rear such a family as may preserve, in the market, an undiminished supply of labour. That the labourer must, usually, obtain for his work, a sufficient quantity of those things, which the climate may render necessary to preserve himself, and such a family as may keep up the supply of labour to the demand, in healthful existence, is self-evident;

and, when we consider that things not originally necessary to healthful existence, often become so from use, and that men will be deterred from marriage, unless they have a prospect of rearing their families in the mode of living to which they have been accustomed, it is obvious, that the labourer must obtain, for his work, not only what the climate may render necessary, but what the habits of the country, operating as a second nature, may require.

From this account of the natural price of labour, it is evident, that it may be liable to very considerable variations. The shelter, and the clothing which are indispensable in one country, may be no ways necessary in another; and a labourer in Hindostan, may continue to work with perfect vigour, though receiving, as his natural wages, only such a supply of covering, as would be insufficient to preserve a labourer in Russia from perishing. Even in countries situated in the same climate, different habits of living, will often occasion variations in the natural price of labour, as considerable as those, which are produced by natural causes. The labourer in Ireland will rear a family under

circumstances, which would not only deter an English workman from marriage, but would force him on the parish for personal support. Now, it is certain, that a gradual introduction of capital into Ireland, accompanied by such a diffusion of instruction amongst the people, as might give a prudential check to marriage, would raise the natural price of labour to an equality with its natural price in England; and we can conceive a succession of impoverishing, and calamitous causes, which might reduce the reward of industry in England, to a level with the scanty pittance that it obtains in the sister island. Alterations, however, in the natural price of labour, cannot be suddenly effected. That part of this price which depends upon climate, is unchangeable; and even the part that is determined by the habits of living, and the prudential check which may exist with respect to marriage, can be effected, only by those circumstances of prosperity or decay, and by those moral causes of instruction and civilization, which are ever gradual in their operation. The natural price of labour, therefore, though it varies under different climates, and with the different stages of

national improvement, may, in any given time and place, be regarded as very nearly stationary.

While the natural price of labour is thus steady, its market price, as has been already observed, fluctuates perpetually according to the proportion between supply and demand. The price which labour fetches in the market, may often be considerably more, and often considerably less, than that, which, from the climate, and habits of living, is necessary to maintain the labourer and his family. But, notwithstanding these occasional variations, the natural, and the market price of labour, have a mutual influence on each other, and cannot long be separated. When the market price falls below the other, the labourer no longer obtaining the quantity of necessaries, which climate and habit render necessary to the healthful existence of himself and family, deaths are increased; while, the increasing difficulty of maintaining a family, increasing the prudential check on marriage, births are diminished; and thus, by a double operation, the level between the natural, and the market price of labour, is restored. On the other hand, if the market price should, at any time, be

raised above the natural, the increased comforts enjoyed by the labourer and his family, would diminish deaths, and, by giving encouragement to marriage, increase births, until, by a double operation, the supply of labour was augmented, and its market price brought back to that natural level, from which it can never permanently recede.

Having, in this manner, explained both the distinction, and the connection, between the natural, and the market price of labour, we are prepared to unfold, with more perspicuity, the influence which the price of corn has, upon the productive powers of industry, and on the price of labour and of commodities.

We shall, in the first place, consider the influence which the natural price of corn has, on the productive powers of industry; and, for the sake of illustration, we will suppose, that a man farms his own estate, and, from its produce, feeds, and clothes his labourers. On this estate, let the natural price of corn be increased, or, in other words, let it require a greater quantity of labour and capital, to raise the same quantity of grain. But labour and capital, when a greater quantity of

them is required to furnish the same quantity of any commodity, are less productive than before. A rise in the natural price of corn, is a fall in the productive powers of agricultural industry.

This requires no illustration. An *increase in the natural price of corn*, and a *diminution in the productiveness of the industry which raises it*, are, n the strictest sense, convertible terms. The effect, however, of the natural price of corn, as it acts, not upon the industry by which corn is produced, but on the industry employed upon other articles, may require explanation; and, to get rid of all complexity, and render this explanation as clear and intelligible as possible, we will, in the first place, consider the question, without any reference to the divisions of employment; and, for the sake of illustration, suppose as before, that a man farms his own estate, paying his labourers, not only for cultivating it, but also for manufacturing the raw materials it produces.

By considering the question in this manner, under the supposition that the same person carries on, with the same set of labourers, the double business of farmer and manufacturer, we shall simplify

without weakening our illustration, and, at once, perceive the effect, which the natural price of corn has on the productive powers of the industry employed in preparing other articles. In the first place, it is evident, that the labourers, alternately employed in cultivating the ground, and in manufacturing its produce, must receive, while at work, such a portion of the food and raiment they produce, as climate and habit may have rendered necessary to their healthful existence. Let, therefore, the natural price of corn be increased, let it be requisite for each person on the farm to work three, instead of two hours a-day, in order to raise the quantity of food which he consumes; and the consequence will be, that he will have an hour less for working up the raw materials of the farm. As the quantity of labour, necessary to raise the subsistence consumed by the labourer, is increased, the quantity remaining for the production of other things, will be diminished, and the supply of manufactured articles reduced. Now, on the other hand, let the natural price of corn be lowered; let the labour necessary to raise the labourer's subsistence be diminished; and the disposable labour,

which he can direct to work up materials, will be increased, and the supply of manufactured goods augmented. Thus, before the divisions of employment are thoroughly established, and while the same hand cultivates the raw material and prepares it, it is abundantly evident, that the ease, or the difficulty with which subsistence can be raised, is not only the measure of the productive powers of agricultural industry, but governs, in a great degree, the productive powers of manufactural labour. In this stage of society, a high natural price of corn tends to diminish, while a low natural price in this necessary article, tends to augment the supply of all wrought goods.

When the divisions of employment are established in a country, and the same hand no longer cultivates and prepares the raw material, the natural price of corn has, on the productive powers of the industry directed to the furnishing of other articles, effects precisely similar to those above described, though, in consequence of the more complex structure of society, it becomes somewhat more difficult to trace them. If a person, who at once cultivates and makes cloth, occupy an inferior

soil, which requires that he should bestow a greater portion of his labour in raising the necessary supply of food, fewer hours will remain to be devoted to the loom, and less cloth will be produced. The effect is perfectly analogous when the divisions of employment are established. The master clothier, who employs a number of workmen, must, on the average, pay them the natural price of their labour; and, if the habits of the country render bread an essential article of diet, must allow them a sufficient part of his cloth, or, what is the same thing, of the worth of his cloth, to enable them to purchase corn. Now, should the natural price of corn have risen, should it require three labourers to produce the same quantity of this article, which might formerly have been produced by two, it is evident that the increased number of labourers must be clothed; and that, in producing corn, three coats, or their value, will be expended where two would before have sufficed. The master clothier, therefore, who gives his workmen a portion of his cloth, or of the worth of his cloth, sufficient to enable them to purchase their supply of corn, will have to part with three yards of cloth for every

two which he formerly parted with. In raising the corn, and, through the corn, in preparing the cloth, a greater quantity of the produce of labour will be consumed by the labourer while at work; and, consequently, the net produce of manufactural industry, remaining in the hands of the master clothier, will be diminished, and, with the same quantity of capital, he will furnish a less supply of cloth, than before the natural price of corn, and through it, of cloth, had been increased.

As a reduction in the natural price of corn would have an operation directly the reverse of that which has been here described, it will be unnecessary to fatigue attention, by going into the minute details of the process. As the person who carries on the trades of the farmer and the weaver, must, when he occupies an inferior soil, that requires him to spend more hours in *directly* procuring his consumption of food, have less time to devote to the loom, and must produce less cloth than if he obtained his corn at an easier rate; so, the person who confines himself to the particular trade of the weaver, must, when the increased natural price of corn compels him to spend more of his

labour in procuring food *indirectly* o m the farmer, supply the market less abundantly with cloth, than if the farmer, occupying better soils, had not sunk so great a quantity of this article in the expenses of production.

The converse of these propositions is equally true. Whether a person both cultivates and weaves, or whether he confines himself exclusively to weaving, his expending, either directly or indirectly, a less portion of his labour in supplying himself with food, will leave him a greater disposable portion of his labour, to supply him with other things, and will render his industry more productive than before.

The foregoing illustrations, it is hoped, have sufficiently explained and established the important principles in political economy, that, in any given circumstances of skill, machinery, and capital, an increase in the natural price of subsistence, diminishes the productive powers of all branches of industry; and a diminution in such natural price increases them. From these principles the following important conclusions result:

1st. Any improvement in agricultural science,

which enables the same quantity of labour and capital, to raise a greater quantity of produce; or which, in other words, diminishes the natural price of corn, not only increases the productive powers of farming industry, but also adds power to all the other branches of industry, carried on by the consumers of corn, throughout the country.

2nd. Every improvement in the divisions of employment, every acquisition of skill, of machinery, or of capital, which reduces the natural price of any of the articles, which climate or custom may have rendered necessary to the subsistence of the labourer, not only increases the productive powers of industry, in the particular business to which it applies, but also, in every other branch of business, the labourers in which consume the cheapened article.

3rd. Every tax which falls upon agriculture, and which has the effect of increasing the natural price of subsistence, operates as a universal tax upon production.

4th. Every restriction on the import trade in corn, which forces into cultivation, land of inferior quality, not only deprives the particular portions

of labour and capital thus turned upon the soil, of their most beneficial employment, but, by increasing the natural price of corn, lowers, universally, the productive powers of labour and capital, and gives a general check to the prosperity of the country.

II. Hitherto we have considered, without any reference to currency, the manner in which the natural price of corn operates on the natural price of other articles; or, which is the same thing, on the productive powers of the labour and capital employed in preparing other articles: in the remaining part of this chapter we shall examine the influence which the money price of corn has, in regulating the money price, first of labour, and then of commodities.

When the market and the natural price of labour are equal, the labourer's money wages amount to a sum, just sufficient to purchase such a quantity of the necessaries and comforts of life, as, from climate, and the habits of living established in the country, are sufficient to keep up the labouring population. Now, while things are in this state,

while the labourer is receiving this sum, let us suppose, that the money price of corn receives a sudden fall. This, while it leaves his nominal or money wages, as before, will increase the real wages of the labourer, as measured in commodities. Having a less sum to give for his bread, he will have a greater to bestow upon other things; and the market, will be raised above the natural, price of labour. But market and natural price can never, for any length of time, be separated. Even supposing that the farmers, when their corn fell, gave the same amount of wages as before, still, as the labourers received a greater quantity of the comforts of life, than was necessary to keep up their present numbers, births would be increased in proportion to deaths, until the supply of hands became so abundant, that the market would be brought down to the level of the natural price of labour. Therefore, as the inability of the employer to pay more, or else the increasing population, must ever prevent the labourer from receiving, for any length of time, a greater sum than is necessary to purchase the articles which constitute the natural price of his exertions, a fall in any of

these articles must be followed by a fall in wages. Every reduction in the money price of corn, reduces the money price of labour.

The converse of this proposition is also true, namely; an increase in the money price of corn, increases wages. After wages have been so adjusted, as to be exactly sufficient to purchase the articles which constitute the natural price of labour, let the value of corn, as estimated in the currency, experience a sudden rise. In consequence of this, the class of labourers, being obliged to give a greater portion of their wages for bread, will have less to bestow on the other necessaries and comforts of life; and though the nominal, or money price of labour, may remain unchanged, yet its real, or commodity price, will be reduced. The pressure of the times, however, urging the labourer to compensate the dearness of provisions by increased industry, would immediately begin to overstock the labour-market, and to reduce the money, as well as the real value of wages; and, for a time, labour would sink, as corn rose in price. But it is abundantly evident, that such a state of things could not last. The labouring

classes, being, by a two-fold cause, the rise in the money price of bread, and the fall in the money price of labour, deprived of the species of subsistence rendered, by climate, or habit, necessary to healthful and vigorous existence, deaths would begin to increase beyond the proportion of births. Now, as the supply of labour diminished in this manner, the competition of those who derived a profit from employing it, would restore wages to their natural rate; that is, to such a sum in the currency, as would suffice to purchase subsistence of the customary quality, and in the customary quantity. Thus wages, by a gradual, but necessary process, rise with every rise in the articles which constitute subsistence; and an increase in the money price of corn, is followed by an increase in the money price of labour.

That the market cannot, for any length of time, be depressed below the natural price of labour; that wages must be sufficient to purchase the articles which compose this natural price; and that they must consequently rise in their amount, as these articles become equivalent to a greater sum in the currency, are propositions which seem only

to require to be stated, in order to obtain assent. Now, of all articles which compose natural price, food is the most indispensable; and where custom has introduced bread corn, as the basis of the labourer's food, the money price of corn will have an irresistible effect on the money price of labour. This effect, too, will be much more rapid than might, at first sight, be imagined. It is not only, or even principally, by the slow process of checking marriage, and of rendering births less frequent, that a rise in the price of food, has a tendency to diminish the supply of labour, until wages are restored to their natural rate. For, when food rises beyond the proportion of wages, though the labourer, by retrenching in other things, might still be enabled to procure a sufficient quantity of wholesome diet, yet this very retrenchment deprives him of some portion of those things, which constitute the natural price of his labour; of some portion, for example, of the fuel, and warm covering, which climate, or custom, has rendered necessary to healthful existence. Hence, when food rises, without a corresponding rise in wages, disease will spread through all the habitations of

labour, and sickness and death diminish the supply of workmen. A single season, will, probably, be sufficient to reduce the population, so as to force the money price of labour, up to the level of the money price of corn.

Having thus traced the manner in which the money price of corn influences wages; and shewn, that this influence, though not, indeed, immediate, is yet much more rapid, and calamitous, than might at first appear, I now proceed, first, to make some estimate of the extent to which the price of labour is raised by a rise in corn; and then to shew, how a rise in wages raises the price of commodities.

Mr. Malthus, in his pamphlet on the subject of an alteration in the corn laws, states, upon the authority of Sir Frederic Morton Eden, that, in a labourer's family of about an average size, the articles of house-rent, fuel, soap, candles, tea, sugar, and clothing, are, generally, equal to the article of bread or meal. Meat, milk, butter, cheese, potatoes, and garden stuff, are, however, also consumed in the labourer's family; and we shall probably come sufficiently near the truth, if, as the basis of

our illustration, we suppose, that corn, or bread, forms one-third of the labourer's whole consumption.

Labour having adjusted itself so that its market is equal to its natural price, let the wages, earned by the labourer's family, be three shillings a-day; and, as one-third of their expenditure consists in bread, they will, of course, give one shilling a-day for this article. Now let an alteration in this state of things take place, let the price of the quantity of bread consumed in the labourer's family be raised to one shilling and sixpence; and it is evident, that, as they give sixpence a-day more for their bread, they must, in order to be placed on the same footing as before, receive sixpence a-day more in wages. Now, the proportion which sixpence bears to three shillings (the former amount of wages) is equal only to one-third of the proportion which it bears to one shilling, the former price of a day's supply of bread. Hence, when one-third of the labourer's expenditure is for corn, a rise of three per cent. in the price of corn, will be followed by a rise of one per cent. in wages.

If one-half of the labourer's consumption con-

sisted in corn, in that case an advance of three per cent. upon bread would advance wages one and a half per cent.; and thus on, according to any other proportion, which the consumption of corn might bear, to the whole consumption, which climate and habit had rendered necessary to the maintenance of labour. We assumed one-third, as a proportion approximating to the truth; but, whether it be so or not, the principle we employed it to illustrate, remains equally correct. Whatever proportion the price of the labourer's corn bears to the price of all the other things, which constitute his natural wages, in that proportion, will a rise in the money price of corn be followed by a rise in the money price of labour.

And now we are to consider the manner, in which a rise in the money price of labour raises the money price of all commodities. When, in consequence of a rise in corn, an advance has been effected in the wages of labour, the capitalist who gives it employment, and who pays the advance upon it, must either suffer a diminution in the rate of his profits, or else indemnify himself by charging an advanced price upon his goods. Now when corn

has risen, he will be enabled to advance his goods; for the farmer and land-owner, receiving a greater sum for the produce of their ground, will have a greater sum to give for other articles. The money demand for commodities being thus increased, the capitalist will be indemnified, by increased money prices, for the increased rate of wages which the rise in corn obliged him to advance.

Supposing, as before, that the price of the farmer's corn forms a third part of his whole expenditure, then, as we have seen, a rise in corn of nine per cent. would raise wages three per cent.; and, supposing the wages of labour to constitute one-third part of the price of commodities, then, the rise of nine per cent. on corn, producing a rise of three per cent. on wages, will occasion, in the first instance, a rise of one per cent. in goods. But if the wages of labour formed two-thirds, instead of one-third, in the natural price of commodities, then, as labour rose three per cent. goods (their market price always approximating to their natural) would rise two per cent. As, when corn experiences a rise, the rise thereby given to wages, depends upon the proportion, which the price of the labourer's corn

bears to the price of his whole subsistence; so, when wages rise, the rise thereby effected in goods, will decend, in the first instance, on the proportion which the wages of labour, in each particular class of commodities, bears to the other two component parts of price.

When corn forms a third of the labourer's subsistence, and the wages of labour form a third part of the price of commodities, a rise in corn, of nine per cent. would, in the first instance, raise goods one per cent. If, therefore, the effects of the price of corn upon that of goods rested here, such rise would be most beneficial to the landed interest. But its effects would by no means rest here, because, the rise of one per cent. in all articles, would compel the labourer to give one per cent. more for the clothing, fuel, and other things, which, no less than corn, are necessary to his support; and it would become requisite that he should obtain a rise of one per cent. on that part of his money wages, which purchases these parts of his natural wages.

Hence, every rise in the money price of corn, raises the price of labour; and, through labour,

the price of the other necessaries of life. The advance upon these, again, raises wages, and the rise in wages, again advances them; and so on, until the increased money price of goods, equals the increased money demand for them, which the rise in corn threw into the hands of the landed interest. Here the ascending scale of prices terminates. Beyond the money demand for goods, it is impossible that money prices should increase. The necessaries of life no longer rising, the labourer will no longer require increasing wages to enable him to purchase subsistence; and the employer of labour, not being under the necessity of advancing increased sums to procure it, will no longer seek, for so doing, an indemnity by charging higher prices upon his goods. Thus labour, capital, and goods, will adjust themselves to the proper level.

It is not only the articles which labour annually produces, that experience a rise of price, in consequence of the increased money value of corn, and of labour. All the wrought goods which may be on hand; nay, houses, timber, shipping;—all the permanent articles of wealth, at however remote a period, or cheap a rate, they may have been pro-

duced, will be included in the general rise of nominal price. For example, if, after a rise in corn has produced a corresponding rise in all the neighbouring markets, I receive only the same sum of money from the tenant who occupies my house, then, though my nominal rent remains the same, my real rent will be diminished. On letting this house again, therefore, I shall naturally endeavour to obtain such an increase in rent, as may enable me to purchase the same quantity of commodities as before. Now, as all persons, except, perhaps, annuitants, are possessed of the same quantity of commodities as formerly, the commodity demand, and, consequently, the commodity price, of houses, will be the same as formerly. I shall find no difficulty, therefore, in obtaining the same quantity of commodities for my house, or (what is the same thing) if these have risen in price, a rise in nominal rent.

The wealth and revenue of individuals, as well as that of the community, does not consist in the pieces of coin, which may pass through their hands; but in the quantity of commodities that they enjoy. While I continue to possess the same

quantity, and quality, of food, clothing, furniture, equipage, and the other good things of life, my real wealth remains unchanged, though I, at one period, should purchase these articles of consumption with five hundred pieces of gold, and, at another period, with a thousand. It is the articles of convenience and necessity, not the pieces in which their value is computed, that constitute wealth. It is the abundance or deficiency of commodities, not the medium that circulates them, which determines effectual demand. If, therefore, the quantity of other commodities, or what may be called the commodity demand for houses, remain unchanged, I shall receive, under my new lease, such an increase of nominal rent, as will leave my real, or commodity rent, just as it was before the price of corn, and of labour, and of other things which labour immediately produces, rose.

Again, a rise in the price of corn, raises the price, not only of all domestic, but also of all imported foreign articles. All commerce between nations resolves itself into the trade of barter. The purchases which we make in the foreign market, are made by commodities; and, when these become

dear, the articles that they exchange for, and to which they are equivalent, must become dear also. For example, if, for a quantity of cloth, which, in the home market, cost him £.100, a merchant purchases, in the foreign market, a quantity of wine, that, after all the expenses of bringing it home are discharged, will bring him £.120, he realizes a net profit of twenty per cent. But should a general rise of price in the home market, compel him to give £.120 for the cloth he exports, he must endeavour, in order to secure his former rate of profit, to charge £.144 for the wine he brings back. And this change will be readily paid; for, in consequence of the increased computed amount of their wealth, the consumers of wine, will now be as able to pay the greater, as they were before to pay the less price.

Thus we see that the increased current price of any article, in the home market, will be communicated to all imported articles, against which it had been employed as an equivalent in the foreign market. While the same quantities of corn, and of wine, continue to be produced, and the demand for these articles remains unchanged, their relative

value, with respect to all other commodities, and, consequently, to each other, must also remain unchanged; or, in other words, the same quantity of the one, will continue to be equivalent to the same quantity of the other. Now, while their equivalency to each other continues unchanged, if any given quantity of cloth should, in the home market, become worth a greater sum in the currency, its corresponding quantity of wine, when brought to the same market, will be worth the increased sum also. The question, in fact, may be resolved into the self-evident proposition, that, of two equal things when the first is equal to a third, the second is equal to it also.

One other important consideration belongs to this branch of our subject. A rise in the price of corn raises the price of labour, and the rise in labour is communicated to all commodities, both those which it immediately produces, and those to which these are employed as the equivalents. But bullion is a commodity. It is immediately produced from the mines by domestic labour; or, if not, purchased by equivalents, which are. Does it then rise and fall in price with the labour that

procures it, when it is a native commodity, and with the produce of labour which purchases it, when it is a foreign one? These questions would lead us far. They involve considerations on the value of bullion and of currency, upon which, though they are highly important in themselves, and intimately connected with the external trade in corn, I must, in this place, refrain from enlarging. I shall therefore conclude the chapter with noticing some limitations, to which the principle, that changes in the price of corn communicate themselves to labour and to commodities, is liable.

In the first place, it is evident, that all the foregoing reasonings, respecting the influence of the price of corn upon wages, turn upon the difficulty of effecting a change in the natural price of labour. Now this difficulty is not insuperable. Though a sudden diminution in those things which custom has rendered necessary, cannot take place, without producing a similar diminution in the supply of labour, and speedily restoring wages to their former level; yet, a change of this kind, might be gradually introduced, without occasioning so calamitous a destruction of the population. Though, if the diet, the clothing, and the lodging, which

custom has rendered compatible with health, in Ireland, were suddenly introduced into the manufacturing towns of England, disease would follow, and thin the people, until the survivors could obtain their former, and even more than their former comforts; yet, were corn to rise so very gradually, as to lead the people of England, by a progress almost insensible, to substitute potatoes for bread, this reduction in the natural price, would not be followed by any diminution in the supply of labour. On the contrary, such a change in the basis of subsistence would enable the country to maintain a much greater population; and the increasing number of hands would diminish the value of labour, until the market rate of wages settled down to such a sum, as would purchase the cheaper articles of diet, which custom had rendered sufficient to the healthful existence of the labourer. A gradual rise in the price of corn, therefore, leading imperceptibly to the substitution of a cheaper article of food, forms an exception to the principle unfolded above; and, instead of raising the price of labour, would have a tendency to lower it.

Secondly, even a sudden rise in the price of corn, though, instead of lowering the standard of sub-

sistence, it reduced the numbers of the people, would not be instantaneous in raising the price of labour. As provisions became dear, the poor would, in the first instance, be driven to compensate the badness of the times, by increased exertion, and their competition for employment would effect a reduction in their wages, until, their numbers failing for want of the comforts rendered necessary by habit, the counter-competition of employers to obtain hands, restored the market to a level with the natural price of labour. Then, but not before, the rise in corn would be communicated to wages.

Thirdly, a very considerable rise might take place in the price of corn, under circumstances which would completely counteract its tendency, either to lower the standard of subsistence, or to raise the price of labour. For example, should the quantity of corn consumed, each day, in the labourer's family, receive an advance of sixpence, while, from the improvements in manufactures, or the reduction of taxes, the clothing, fuel, and other articles daily consumed in his family, received a fall of siliar amount, the increased expenditure, on the one

hand, would be exactly balanced by the diminished expenditure upon the other; and the labourer would be enabled to pay the advance upon his corn, without obtaining an advance upon his wages.

Where custom has rendered corn a principal ingredient in the labourer's food, a permanent rise in the price of this article must, other things remaining the same, either lower the standard of subsistence, or else raise the money rate of wages, to a sum, sufficient to purchase, at the advanced price, subsistence of the accustomed quality. Now, if the labourer should have saved something out of his earnings, and if he should possess sufficient intelligence and fore-thought, for the prudential check on marriage to operate, it will have become difficult to lower the standard of his subsistence; or, in other words, to reduce the natural price of his labour. Hence, as wealth and civilization descend amongst the lower classes of the community, the labourer becomes more certain of receiving an increase of wages, proportional to any increase of value in the articles he consumes; and the money price of corn is more regular and steady in its effect upon the money price of labour.

Under these, and one or two other limitations, not of very frequent occurrence, nor very material to our present subject, the value of corn, in whatever proportion it forms an ingredient in subsistence, regulates the amount of wages. Now the wages of labour form a component part of the natural price of all things; and natural price is, as it were, the centre towards which market price has a constant tendency to approach. A rise in wages, other things remaining as before, is, as we have seen, communicated to all the articles of life. But a rise in all the articles of life is the same thing as a fall in the value of money. Here, then, every question respecting the price of corn, ultimately resolves itself into a question of currency. Into the discussion of this very important branch of the subject, however, I shall not, at present, enter; nor detain my readers by a repetition of dissertations, which I have already laid before the public.*

* See an Essay, by the Author, on Money and Paper Currency, dedicated to his friend the Rev. Dr. Crombie, and published by Messrs. Johnson, in St. Paul's Church Yard.

Part the Second.

ON THE EXCEPTIONS AND LIMITATIONS TO WHICH THE GENERAL PRINCIPLES OF THE EXTERNAL CORN TRADE ARE LIABLE.

CHAP. I.

On the Question, Are the Principles respecting a free external Trade in Corn liable to any Limitations in their Application to the particular Case of a Country, which, by Restrictions on Import, and Bounties upon Export, infringes on the Liberty of Commerce, in other Articles?

THAT the irregularity of the seasons, in supplying food, diminishes as territory extends: that equalizing the supply of subsistence throughout all the districts of the world, and periods of the year; accumulating grain in store-houses and gra-

naries, and carrying forward the superfluity of abundant harvests to compensate the wants of deficient ones, not only obviate the alternate recurrence of superfluity and famine, but extend cultivation, and augment the numbers of mankind: that, in a country where the natural price of corn is so low, that relief from importation cannot be obtained, until the markets are ruinously elevated above the ordinary level, a free export trade, occasioning, in average years, a surplus produce is the only means by which deficient years can be provided for: that, in countries where the natural price of corn is so high, that, in years of overflowing crops, superfluity cannot be removed, until the markets have sustained an extraordinary fall, unrestricted importation, throwing out of cultivation such inferior lands, as require for the production of a given produce, a greater expense of labour and capital than is requisite in other growing countries, is the most effectual means of rendering prices steady: and, that perfect freedom of intercourse, uninterrupted, either directly or indirectly, by legislative interference, and allowing industry to take whatever direction individuals may find

most conducive to their interest, accelerates the growth of wealth and the accumulation of capital, leads agricultural states, by the shortest and surest road, to commercial prosperity, and holds out, in countries which have acquired manufacturing advantages, the only permanent and legitimate encouragement that agriculture can receive.—These are principles, the abstract truth of which, is as capable of as rigid a demonstration, as any political or physical proposition can admit.

But, every general principle, however evident its abstract truth may be, is, in its application to particular circumstances, liable to exceptions and limitations. The exceptions and limitations, therefore, to which the principles of the external corn trade, unfolded in the former part of this work, may be liable, are what we now have to consider. In the present Chapter it is intended to enquire, whether the principle of unrestricted freedom in the external corn trade, be applicable to the particular circumstances of a country, which, by prohibitions, protecting duties, and bounties, controls other branches of commerce.

It is universally admitted by those, who have

any acquaintance with the science of political economy, that legislative interference, forcing industry from the channels into which the labourer and capitalist, if left to themselves, would naturally turn it, is injurious to the wealth of a country. Protecting duties, it is acknowledged, giving manufactures a monopoly in the home market, and bounties to extend their foreign sale, are as so many fetters on the hand of industry, lowering the productive powers of labour, and retarding the march of prosperity.

To contend, therefore, that the existence of this pernicious system, with respect to the trade in manufactured articles, forms an exception to the application of more enlightened principles to the trade in corn, appears, upon the face of it, singularly preposterous. Those who admit the fundamental principles of political economy, respecting the freedom of trade, must also admit, that the protecting duties and bounties, by which, in the case of manufacturers, this freedom is infringed, are hurtful to the wealth of the country. When, therefore, the advocates of restricted importation, on the ground that regulations, avowedly injurious

to wealth, exist in some departments of industry, urge, that such regulations should be extended to another, they involve themselves in the absurdity of seeking to remove a disease, by increasing the cause which produces it.

The position, however, that the principles of political economy, respecting the external trade in corn, are inapplicable to the particular case of a country, granting monopolies and bounties to manufacturing industry, is too important to be dismissed with an examination so brief and popular. We must examine it more closely, and trace it through all its bearings.

It may be urged, in the first place, that monopolies and protecting duties, granted to manufacturers, compel the agricultural classes to purchase wrought goods at a dearer rate than if the products of foreign industry were admitted to a free competition in the home market; and that, therefore, on the principle of fair and equal dealing, the manufacturing class should, by restriction on the importation of corn, be compelled to pay the former something more for their bread.

This principle of equal dealing, and even hand-

ed justice, which has been urged against admitting, in our actual circumstances, a free importation of foreign corn, is, perhaps, the strongest and most unanswerable, that could have been brought forward. Let us see how it applies; let us enquire, whether it may not prove a dangerous deserter from the cause, into the service of which some injudicious leaders have preposterously pressed it.

Protecting duties and bounties, do, indeed, compel the agricultural interest to purchase some articles at a dearer rate than if the trade in them were left free: but then, this injury does not fall on the agricultural interest alone. On the contrary, the monied interest, the commercial interest, stock holders, annuitants, all the military and civil servants of the state, all professional men, all shopkeepers, all bricklayers, smiths, and house-carpenters, in fact, the whole community, with the exception of those persons who work up the articles which might be obtained cheaper from abroad, are equally partakers in the injury inflicted by the exclusion of foreign manufactures from our markets.

How, then, can the principle of equal dealing,

and even political justice, give the agriculturist a right to claim exclusive exemption, from any evil, which, with a trifling exception, falls alike on all? Nay, how can he, with any semblance or colour of equity, demand, not merely an exclusive exemption, but one of such a nature, as would inflict a double evil on all other classes; and, upon the ground, that these classes purchased some wrought goods at a dearer rate than was necessary, would cause them to purchase their bread dearer also?

The case stands exactly thus: A and B sustain an injury from some partial regulations made for the benefit of C; and, in consequence, A claims, not only an exclusive indemnity, but one which must inflict on B a double injury. This exclusive indemnity, too, and this double injury, are urged upon the principle of equal dealing and common justice!!

Thus we see, that, to indemnify the agriculturist for the monopoly granted to the manufacturers, by granting a second monopoly, in the important article of corn, against all other classes of the community, instead of being conformable to the principle of fair and impartial dealing, would be a fla-

grant violation of it. An enlightened statesman, on ascertaining that the agricultural interest, in common with other orders of the state, sustained an injury from the protection given to the manufacturers of those particular articles which might be brought cheaper from abroad, would, with all the caution which is necessary in conducting political change, and with a due regard to the interest and indemnification of those who might have embarked their capital, or served their time, in the protected trades, seek to remove the injurious restraints upon industry; but surely it could never enter his contemplation, to correct one evil, by the infliction of a second, or, while proclaiming his belief in the benefits of unrestricted intercourse, to establish, on the principle of equal dealing, additional monopolies for indemnifying a single class, at the general expense.

Those persons who are employed in the fabrication of such articles as we might obtain cheaper from abroad, do not form a very large proportion, even of our manufacturing population. But these are the only persons, on whom the exclusion of foreign manufacturers can, possibly, confer a be-

nefit; and, therefore, even admitting the strange doctrine, that the agriculturalist is entitled to an exclusive indemnity, for purchasing some articles at too dear a rate, these are the only persons by whom this exclusive indemnity should be paid. To make the great mass of the community give more for their bread, because a system of commercial regulations, avowedly erroneous, compels them to give too much for some other things, would not only be a glaring violation of natural justice, but of common sense.

It has been urged, that, if the external trade in corn were exempted from all legislative interference, while other branches of industry continued to possess monopolies in the home market, and bounties extending their foreign sales, such exemptions would, indirectly, operate as the most severe and prejudicial restraint, and cause those engaged in the growing of corn, to withdraw their capital from that concern, for the purpose of employing it in those favoured channels, to which such artificial advantages were continued.

This objection to admitting, under the present circumstances of this country, the principle of an

unrestricted trade in corn, however plausible it may, at the first glance, appear, can proceed, only from an entire forgetfulness of the principles of commercial intercourse. If France were to supply us with silks, and other articles, in preparing which she possesses advantages, she would not give us the fruit of her labour for nothing; she would require, in payment, hardware, or stuffs, or some other goods, in preparing which the advantage belongs to us. When, therefore, we prohibit the importation of French silks, we necessarily prohibit, at the same time, the exportation of the British goods, which would pay for them; and when we create a forced demand for home-made silks, we, by the same operation, must destroy, to an unequal amount, the foreign demand for our other manufactures.

Thus, then, it appears, that those legislative measures of monopoly and bounty, which are supposed to throw an undue proportion of capital into the channels of manufactures and commerce, have, on the contrary, the effect of depriving the manufacturing capitalist of that profitable occupation of his stock, which, under a free trade, he would

find, in carrying on the increased communication between nations. By these effects of monopolies and bounties, manufacturing, and commercial profits, are reduced. The manufacturing and commercial interests are placed in a less flourishing condition, by the operation of such encouragement; and are injured, by those regulations, which are generally supposed to enrich them, at the expense of the rest of the community, and to throw into their hands, too large a proportion of the capital of the country.

But we have not yet fully unfolded the injury which the industrious classes sustain, from the duties laid on for their protection; nor the extent to which, monopolies and bounties, instead of drawing capital to manufactures and commerce, repel it from these occupations. When a nation confines her efforts to the fabrication of those things, in which her natural productions, her situation, and moral habits, give her an advantage, she not only renders the labour and capital thus employed, more productive, than if she fabricated, at home, articles which foreigners could furnish to her at a cheaper rate, but increases, to an indefinite extent,

the quantity of labour and capital, which she may beneficially invest in manufactures and commerce.

For, thus co-operating with nature, she cannot be undersold by foreign nations; while, from the reciprocity of commerce, every increase in the productive powers of her labour, which enables her to consume a greater quantity of foreign articles, creates new demands for her commodities in the foreign market, and thus opens a perpetually extending field for her exertions. Thus we see, that, if the current of events was not forced out of its natural channel, industry would receive a still increasing stimulus, and there would be an almost interminable accumulation of manufacturing and commercial capital. Let us contemplate, for a moment, the diametrically opposite effects of bounties and protecting duties.

The fabricating, at home, of those articles which foreigners can furnish cheaper, not only turns, as we have seen, labour and capital from their most productive occupations, but diminishes the quantity of both, which can be beneficially vested in the operations of manufacture and commerce. Those manufactures in which foreigners excel us, and

which, consequently, require for their establishment, protecting duties and monopolies, cannot be carried on, to a greater extent than is necessary, to supply the home market. The foreigners, to whom, in preparing such articles, natural advantages belong, will effectually beat us out of foreign markets; and, when we have satisfied the demand of the domestic consumer, all farther increase of manufacturing stock will be impossible.

To whatever extent we refuse to buy from foreigners, we, to the same extent, deprive them of the power of buying from us; and, in whatever degree we turn industry from its natural course, in the same degree we dry up the sources of commercial prosperity, and, instead of forcing too great a proportion of the wealth of the country from the soil, deprive the capitalist of the power of beneficially vesting his stock in manufactures and trade.

Thus, then, it clearly appears, that protecting duties and bounties, turning our industry from employments in which we are naturally qualified to excel, and in which we are secure against foreign competition, not only injures the general wealth

and prosperity of the country, but, upon the manufacturer and merchant, the very persons whom they are supposed to benefit at the expense of the community, accumulate double mischief, at once lowering the productive powers of their capital, and limiting the quantity of labour and of stock, which they can beneficially employ.

The position, therefore, that bounties and protecting duties benefit the manufacturing and commercial classes, and accumulate the capital of the country in their hands, being entirely erroneous, the doctrine it has been brought forward to support falls instantly to the ground. These very bounties and protecting duties, which, while intended only to secure the home, shut us out from the benefits of the foreign market, and limit the capital that can be beneficially employed in manufactures and commerce, must, in the most effectual manner, withhold the grower of corn from transferring his stock into those channels of industry, which receive such pernicious favour. Commerce and manufactures receive, from legislative encouragement, no advantage, requiring, in order to restore a due equilibrium between the different branches of industry,

that artificial encouragement should be extended to agriculture. On the contrary, the trading classes sustain the deepest injury from every infringement on commercial liberty; and bounties, on the exportation of domestic articles, and protecting duties laid on the introduction of foreign ones, instead of being a reason for granting the corn grower a monopoly of the home market, constitute an argument for leaving the trade in corn free, and require that, as some compensation for the peculiar injury they sustain, in having a forced and unnatural direction given to their industry, manufacturers and traders should be permitted to purchase their food wherever it can be obtained at the cheapest rate.

It is hoped, that, from these illustrations, it will appear sufficiently evident, that the bounties and protecting duties, by which our manufacturers have been attempted to be favoured, cannot have any tendency to withdraw capital from the soil; and that, therefore, establishing, during the continuance of such regulations respecting other branches of industry, perfect freedom in the foreign trade in corn, could not possibly operate upon the

domestic grower, as an indirect, and pernicious restraint.

Bounties and protecting duties granted to our silk manufacturer, do, indeed, force capital into this channel of industry; but then, it is at the expense of some other manufacture, more adapted to the country, with which, if intercourse were free, foreign silks would have been purchased, and to which, if our restrictions upon import had not interdicted export, a much greater portion of the capital of the community would have been drawn.

Such artificial regulations may increase the quantity of capital in some particular employment, but then, it is by diminishing the general mass of capital that might be profitably turned to manufacture and commerce. For it is certain that, if we refuse to receive the articles, in preparing which foreigners excel us, we deprive them of the power of purchasing the articles, which we can furnish at a cheaper rate than they, and destroy those international, and mutually beneficial divisions of labour, that are at once the cause, and the effect of foreign trade: while, if we were freely to receive the productions of foreign industry, a much greater quan-

tity of domestic articles would be sent abroad to pay for them, and, in order to carry on the increased intercourse with other nations, a much larger portion of the stock of the community would be turned into the channels of manufacture and commerce.

Hence in a manufacturing country, bounties and protecting duties for forcing exotic branches of industry, have a tendency, not to enlarge, but to choak up the channels of trade; not to draw capital from the growing of corn, but rather, by limiting the quantity of stock, that can be employed in international intercourse, to pour a greater proportion of it upon the soil.

It may be urged, perhaps, that if protecting duties, laid on to favour domestic manufactures, did not force industry from its natural direction, the wrought goods, which, under a general freedom of intercourse, we received from abroad, might be paid for, not by other wrought goods, but by the produce of our soil; and that, therefore, the protecting duties which exclude foreign manufactures, may destroy the foreign demand for our corn, and thus operate as a restriction on our agriculture.

This objection would be applicable to Poland.

In that country, corn, from its low natural price, forms the staple article of foreign trade, and, consequently, prohibitory duties upon the import of wrought goods, would there operate as interdictions upon the exportation of agricultural produce.

But England is in a situation directly the reverse of this. Here we have acquired extraordinary advantages in manufacturing industry, while the natural price of our corn is higher than in any other country of the world. Though we were freely to receive the wrought goods of our neighbours, we could not possibly pay for them in corn. It is quite in vain to urge that, if foreign grain were excluded, and that of home growth allowed to be freely exported, capital would flow so copiously upon the soil, that the supply of corn would be increased, and, consequently, its price reduced, until it could be sent abroad with a profit. Such artificial encouragements extended to agriculture, could augment the supply of corn, only by turning labour and capital to such inferior lands as have been hitherto inadequate to repay the expense of tillage; that is, could increase the quantity of corn, only by increasing its natural price; that is, as na-

tural price must ever, on the average, govern the prices of the market, without rendering exportation absolutely impossible.

To imagine, that, in England, a free admission of foreign goods could create a demand for agricultural produce; and that prohibitory duties on the importation of manufactures, can act as an indirect restriction on the exportation of corn, implies absurdity, and contradiction; and betrays lamentable ignorance of the fundamental principles of political economy, namely, that market cannot continue below natural price, and that production must cease when its expenses are no longer repaid.

England cannot raise an independent supply of corn for her increasing population, without such restrictions on the importation of foreign grain, as shall be sufficient to keep under cultivation, lands considerably inferior in quality to those cultivated in the neighbouring growing countries of Europe. Now, to raise any given quantity of corn on our inferior lands, would require more capital and labour, than to raise it from the land under tillage upon the continent; and, as our better soils would acquire an increased value in proportion to their su-

periority over the inferior ones which could now be profitably tilled, any given quantity of produce that might be raised from them, would be charged with a higher rent, than the same quantity raised in France, or Germany, or Poland.

Thus, restrictions upon import, causing us to produce an independent supply of subsistence, for our increasing population, would raise all the component parts of the price of corn, above their level in the surrounding countries. Under such circumstances we could not, even in an abundant year, remove superfluity, until our markets had fallen very considerably below the usual rate; and to create a permanent surplus to give in exchange for the wrought goods of our neighbours, would not be within the limits of possibility.

Those who wish that England should once more become an exporting country, would do well to consider the connection between market and natural price; and to trace the backward march, which must be made before their object could be arrived at. It is self-evident that, before we become an exporting country, our markets must be lower than the markets of other countries. Now, in order to

reduce our market prices, it is necessary that the natural price of our corn should be reduced. But this reduction in the natural price of our corn cannot be effected, while, for lands of the same quality, we pay a higher rent than is paid in other countries; and while we till inferior soils, which, to raise the same produce, require more capital and labour. Before, therefore, we can reduce our natural and market prices, and become an exporting country again, landlords must abate their rents to a level with the rents paid in France, or Germany, or Poland; and population must be so thinned, that a cultivation, contracted within the limits of those fertile districts which require little expense of capital and labour, shall be sufficient, not only to meet the home consumption, but to yield a surplus produce for the foreign market. When these events shall have taken place, and England, with respect to the value of land, and to the existence of a manufacturing population, shall have been assimilated to Poland, she may employ her plains in raising subsistence for her neighbours; and the objection, that prohibitory duties upon the importation of wrought goods, check the exportation of the produce which

might have paid for them, and thus operate as indirect restrictions forcing capital from the soil, may become applicable to her situation.

And now, it is hoped, that we have sufficiently examined the question, whether the existence of legislative restrictions, imposed with a view of encouraging other branches of industry, forms an exception to the principles formerly unfolded, respecting the benefits of a free external trade in corn. We have seen, that bounties, and protecting duties, extended to those manufactures, in which other countries can work at a cheaper rate than we, do not inflict an exclusive injury on the agricultural classes, but fall with equal weight upon all the individuals of the community, those only excepted, who work at the protected and forced employments, in which foreigners possess advantages; and it has appeared, that indemnifying the landed interests, by giving them another monopoly against consumers, so far from being called for by fair dealing, would be a flagitious violation of that principle, inflicting on all other classes a two-fold injury.

It has also been shewn, that, in a country where the high natural price of corn already interdicts its

exportation, the prohibition of foreign manufactures, cannot destroy a foreign demand for agricultural produce, or operate as an indirect restraint, withdrawing capital from the soil; but that, on the contrary, in such a country, these prohibitions on foreign wrought goods, destroy the demand for home wrought goods which would have paid for them, and, by choaking up the channels of commerce, and limiting the quantity of stock, which can be profitably employed in trade and manufactures, have rather a tendency to confine the capital of the country to the soil.

Thus, then, it is evident, that, in a country, where the natural price of corn is higher than in others, bounties, and protecting duties, granted to manufacturing industry, form no exception to the principles of a free external trade in corn. Such bounties, and protecting duties, indeed, are injurious to the general wealth and prosperity of the country; and, with all due provision for the indemnification of the individuals, who may have embarked in the forced and exotic branches of industry, ought gradually to be abolished; but they cannot (except in a country where the low natural price of corn ren-

ders it a staple article of commerce, the export of which must diminish, as the importation of foreign articles is restrained) inflict any peculiar discouragement upon agriculture, or require, in order to restore the profits of stock, in its different employments, to a just equilibrium, that the grower of corn should obtain a monopoly of the home market.

Every view, therefore, which can be taken of the question, confirms the conclusion, that, to the particular case of a country, which infringes the freedom of commerce with respect to wrought goods, the principle of uncontrolled external trade in corn, applies with the fullest force. The existence of this infringement will diminish the general wealth of the community; but, whether such infringement exist or not, the unimpeded operations of the corn merchant, rectify the irregularity of the seasons in supplying food, and render dearth an improbable, famine an impossible, occurrence.

CHAP. II.

On the Question, Is the general Principle of a free external Trade in Corn liable to Limitation in its Application to the particular Case of a Country, which is more heavily taxed than other growing Countries?

We are now to enquire, whether the particular case of a country, pressed more heavily than her neighbours by internal taxation, forms an exception, to which the general principles of the external trade in corn do not apply. Taxation can affect trade only by influencing prices. Now it influences prices in two ways; first, directly, by falling upon the article consumed; and, secondly, indirectly, by falling, not on the article consumed, but upon something else, which may be necessary to its production. Indirect taxation, however, has two distinct operations; it either, by being laid on articles necessary to the subsistence of labour, increases

wages, and occasions a *general* rise in the expenses of production; or else, by being laid, not upon the labourer's subsistence, but upon things peculiar to some branches of industry, it occasions the *partial* rise in expenses of production.

The enquiry, therefore, how far the effects of a heavy taxation upon prices may limit the principle of a free external trade, naturally divides itself into three heads, viz. a rise in prices occasioned by direct imposts; a *general* rise in prices occasioned by indirect imposts; and a *partial* rise in prices occasioned by indirect imposts.

These we shall consider in their order.

I. Supposing an unrestricted commerce to exist between England and France, and the two countries to possess equal advantages in the silk manufacture, then a tax of ten shillings a yard, laid upon British, would operate as a bounty, to that amount, upon the importation of foreign silks. Here, then, we see, that a direct tax upon a domestic article, must turn foreign trade from its accustomed channels. While such an internal tax existed, a free importation of the foreign article would act as a ruin-

ous discouragement to the domestic manufacturer, and would compel him to desist from the working of silk; while, in France, it would occasion a forced investment of capital in the manufacture of that article, in order to supply the British market.

Now, the balance being disturbed by a weight thrown into one scale, it is necessary to restore the equilibrium by placing a similar weight in the other; the direct internal tax having destroyed the natural level of industry, a countervailing duty is requisite to restore it. Such duty, too, would be conformable to those very principles, on which, when no direct internal tax is laid upon the home-made article, the benefits of unrestricted importation are demonstrable. In the home market, it would place the home and the foreign manufacturer on their former relative footing; and, if accompanied by a drawback, to a similar amount, upon exportation, would place them upon their former relative footing, with respect to the foreign market also.

When a direct tax is laid upon a domestic article, a countervailing duty, laid upon the similar foreign article, accompanied by a drawback upon

the exportation of the one, and re-exportation of the other, though it increased the price to the consumer, yet, instead of checking, would restore that equal intercourse between nations, which incites the industry, and augments the wealth of all.

But this is too obvious to require to be longer dwelt upon. When direct taxes are laid upon articles of home production, no one controverts the principle, that countervailing duties should be laid upon similar foreign articles. And, though the principle were controverted, yet, as direct taxes are not laid exclusively upon corn of home growth, the discussion of it would be foreign to the subject of the present work. We will pass to the consideration of the next branch of the question proposed for discussion in this chapter.

II. The reasoning formerly employed to prove the influence which the price of corn has upon the wages of labour, applies, with equal force, to every other article, which climate, or habit, may have rendered necessary to the subsistence of the labourer. While shoes form an essential ingredient in the natural price of labour, the labourer must

receive a sum which will enable him to purchase them; and a tax upon leather will be followed by a rise in wages.

It is no objection to this to urge, that the high price of shoes may stimulate the labourer, by the spur of necessity, to increased exertion, and that his competition for employment, will render wages lower than before. There can, indeed, be no doubt that the market price of labour, as well as of any thing else, may occasionally sink below the natural level. But then, it is demonstrable, that this state of things cannot continue long. From the climate and the habits of life prevalent in England, labour cannot be performed without shoes; and though, at first, the competition of workmen might reduce the value of the commodity they brought to market, yet, the failing number of hands, and consequent competition of employers, would speedily compel the latter to advance, in the form of increased wages, the amount of the tax falling upon the leather consumed by the labourer.

Now it is evident, that, other things remaining the same, increased wages increase the expenses of

production, and raise the price of every commodity, which labour is an instrument in furnishing. Where, therefore, shoes, and soap, and salt, and whatever else habit may have introduced as constituent parts of the natural price of labour, are objects of taxation, it is, unless under some extraordinary advantages of cheapness in the raw material, or of skill in the application, and machinery for the abridgement, of labour, impossible that commodities should be brought to market so cheap as in countries, where the necessaries of life are less heavily burthened.

As taxes, laid upon the necessaries of life, are thus, by an indirect operation, just as efficacious in raising the price of other articles, as taxes laid directly upon them, it seems, at first sight, the obvious conclusion from analogy, that the former, equally with the latter, act as a bounty upon the introduction of foreign goods, turn external trade from its natural channels, and require, in order to restore a just equality in the different modes of employing capital, that countervailing duties should be imposed on imported articles. On a closer examination, however, we shall find, that the

analogy between the high price occasioned by direct, and the high price occasioned by indirect, taxation, is not sufficiently strict, to authorize our applying, to the one, conclusions which may be correct as to the other. A short analysis will demonstrate this.

If, other things remaining the same, taxes laid upon the various necessaries of life, so raise the wages of labour, and the expenses of production, in England, that the farmer cannot bring corn to market, without charging twenty per cent. more than the farmer in France can afford to sell it for, the consequences to be apprehended are, that, under a free importation, French produce would inundate our markets, and compel the home grower to turn his capital into some other channel. Let us then suppose, that this consequence takes place, and that the foreign grower, enabled, by the absence of taxation, to raise his corn twenty per cent. cheaper than the domestic, undersells, and fairly beats him out of the market.

Now, the necessary result of this is, that something must be sent abroad, to pay for the foreign produce we have received. The foreign grower

will not give it to us for nothing. We must return him a full equivalent. Commerce is reciprocal. In whatever degree we import corn, in the same degree must we export some other article. But when internal taxation has increased the wages of labour, and the expenses of production, twenty per cent. beyond the rate of other countries, what other article can we export? A rise in the price of labour communicates itself to every species of agricultural produce, as well as to corn; the exportation, consequently, of any species of agricultural produce, is impracticable.

But again, as the wages of labour enter more largely into the price of wrought goods, than into the price of raw produce, internal taxation upon the necessaries of life, will increase the price of manufactures, as much, if not more, than it increases the price of corn; and will check their exportation, as much, if not more, than it checks the exportation of the unwrought productions of the soil. Such an internal taxation as raises the rate of wages, raises, universally, the value of every article, in the price of which, wages form a component part. But, if the price of all articles

be equally raised, the exportation of all would be equally checked. The advance in our markets, which enabled the French to undersell us in the article of corn, would also enable them to undersell us in every thing else. But, if they undersold us in every thing, they would buy nothing from us; and it is certain, that, if they bought nothing from us, they could sell nothing to us.

The supposition, therefore, that, if indirect internal taxation should generally raise our markets twenty per cent. above those of France, grain would be poured in from that country, to the injury of the home grower, is erroneous. A rate of prices universally high, cannot encourage exportation, because it checks importation; and commerce being reciprocal, the one cannot exist without the other.

It is no objection to this reasoning to say, that, when commodities become too dear to find purchasers in the foreign market, the cheaper articles which we might receive from abroad, would be paid for by a transmission of money, instead of goods. For, granting the fact, the necessary consequence still would be, that foreign commodities

could not continue to come into our markets. The instant we ceased to export home productions, and paid for foreign articles in money, at that instant, the supply of money would begin to diminish, and its value to increase. But a rise in the value of money, is the same thing as a fall in the price of commodities. With the necessaries of life, the wages of labour, and the expenses of production, would fall. Hence the foreign, would no longer be able to undersell the home, grower. On the contrary, as the self-same process which diminished our supply of money, and reduced our prices, would increase the supply of the metals, and elevate prices, in the country whose produce we had purchased, the home, would obtain an advantage over the foreign, grower; and we should now be enabled to furnish produce to those, whom we were so lately obliged to pay in cash.

Neither would it be an objection to the principle that commerce is an exchange of equivalents, to urge, that if we could not send commodities abroad, we might pay for the goods we imported by bills of exchange. Our bills would speedily overstock the foreign market, and become depre-

ciated. Supposing, as before, that indirect internal taxation raised our prices twenty per cent. above those of France, and that this so checked our exportation, that all we received from that country we paid for in bills of exchange, then, in a little time, these bills would be so depreciated, that the exchange would be twenty per cent. against us. Now the moment things arrived at this state, (and, under this supposition, they must arrive at it very speedily) the foreign grower would cease to have any advantage over the home grower. Though the French farmer might be able to raise his produce twenty per cent. cheaper than the British farmer, yet, on coming into the British market, he would lose twenty per cent. on the exchange. If he attempted to indemnify himself for this loss upon the exchange, by raising his prices, then, in whatever degree he thus indemnified himself, in the same degree he would cease to undersell the home grower. If he carried back gold, the consequent fall of prices, described in the former paragraph, would speedily drive him from the British market; and, if, to save the exchange, he attempted to take back commodities,

those being, by the supposition, twenty per cent. dearer in England than in France, the loss he would sustain upon them, independently of carriage, would exactly counterbalance what he gained upon the exchange. In whatever way he endeavoured to cover the transaction, his advantage, in coming into the British market, could in no way be increased, by that universal rise of prices, which is produced by taxation falling on the necessaries of life, and increasing the wages of labour, and the expenses of production.

And now, it is hoped, it has been made sufficiently evident, that, however analogous, or identical, they, at a hasty glance, may seem to be, there is, between the high prices occasioned by direct, and the high prices occasioned by indirect, taxation, a material distinction, sufficient to render completely erroneous, with respect to the one, conclusions incontrovertible with respect to the other. A tax, laid directly upon any home commodity, does not raise the price of all other commodities to an equal extent; and does not, by discouraging the exportation of whatever articles might purchase foreign goods, check importation

on the one hand, in the same degree, in which it promotes it on the other, and thus, from its own reaction, prevent the producer of the taxed commodity from being undersold in the home market.

This counter-operation, however, is effectually performed by those taxes, which, laid on indirectly, through the medium of the labour by which they are produced, raise the price of commodities beyond their price in other countries less heavily burthened. A rise in wages, and, through wages, in the expenses of production, acts universally; and, if it checks importation with respect to one commodity, checks it, also, with respect to all. Hence, when the foreign speculator enters the markets which have been raised by indirect taxation, the advantage he gains upon the high price of the article he brings, is exactly counterbalanced by the high price of the article he takes away; and his profits, upon the whole of his transaction, can be neither more nor less than they would have been, before the country to which he trades had her markets raised by taxes laid upon the necessaries of life.

If, in order to realize high profits upon his sales,

he refuses to buy any thing in the taxed country, but carries back her specie, then, in that country, the metals rise in value, or, in other words, prices fall, and the foreign adventurer can no longer undersell the domestic trader; and if, with a view to continue a lucrative trade, the foreigner receives payment in bills of exchange, the loss sustained upon the depreciation of these, will leave him exactly as he was before.

In economical science, no principles are more strictly demonstrable, than that commerce is an exchange of equivalents, and that whatever checks exportation, operates as a check upon importation. But taxes which, by raising the wages of labour, and the expenses of production, increase the price of commodities, check exportation in the same degree that they encourage importation; and, therefore, in fact, they discourage importation just as much as they encourage it. The effects they produce upon the one hand, they counteract upon the other. They constitute, in themselves, countervailing duties, fully adequate for the protection of the home market. The particular case, therefore, of a country in which they raise the price of agricultural

produce, above its price in the neighbouring countries, forms no exception to the principle of a free external trade in corn. Their existence does not require that the domestic grower should be protected by legislative enactments in the home market.

III. Though the taxes which, by raising the amount of wages, increase the expense of production, and, consequently, effect a general and simultaneous advance in the price of all commodities, do not, in the home market, give the foreign any advantage over the home grower, yet, with respect to all imposts falling exclusively, or with disproportioned weight, upon agriculture, the case is widely different.

A tax laid upon horses employed in husbandry, would raise the price of the corn produced by the home grower; but, at first, could have little comparative tendency to raise the price of other articles with which foreign corn might be purchased. If imposts laid exclusively on agriculture, should raise the price of corn nine per cent. then, if corn formed a third part of the labourer's subsistence,

wages would be raised three per cent.; and, if wages formed a third part in the price of things, other commodities would, in the first instance, be raised one per cent. Hence, as a rise in corn can be communicated to wages, only in the proportion which the labourer's consumption of corn bears to his whole consumption, and as this proportioned rise in wages can, in the first state of its progress, affect commodities only in the proportion which wages may bear to the whole of the component parts of price, it is evident that taxes, falling exclusively, or with disproportioned weight, upon the soil, must raise the price of agricultural produce, in a much greater degree, than they could raise the price of other things.

The merchant, therefore, paying very little more for the articles, with which he purchased foreign corn, could, notwithstanding the existence of such taxes, be able to supply the consumer at nearly the former prices; while the heavily burthened domestic grower, unless he relinquished the customary rate of profit upon his stock, could not possibly do so. The equilibrium would be destroyed. Under the former supposition, that the taxes up-

on agriculture raised the price of corn nine per cent. while, for a considerable period, they could scarcely raise that of the commodities employed to purchase foreign corn above one; then, in fact, a bounty of eight per cent. would be granted on the importation of corn; and labour and capital would thus be turned from those channels in which, but for such unequal imposts, they would naturally have flowed. The expenses heaped exclusively on tillage would force us to import, rather than to grow corn; and would encourage foreign agriculture, at the expense of our own. Indirect taxes, therefore, falling exclusively on the soil, and consequently raising the price of corn, not only above its price in other countries, but also above the proportion of the simultaneous rise induced in other domestic articles, must, free importation being admitted, divert international intercourse from the channels it naturally would take, force capital from agriculture, and impose on the trade of the farmer, a most oppressive species of restriction.

All charges, that press unequally upon agriculture, being, in this manner, so many indirect in-

fringements on equal intercourse, and on the liberty of trade, it becomes a point of much nicety and interest to ascertain, where they exist, and what is the extent of their operation.

Tithes have been very generally considered as forming a direct and very unequal impost upon cultivation. When we consider their effects, however, the first thing which strikes us is, that they occasion a diminution in the revenue of the land proprietor, rather than in the profits of the farmer. Ground which is tithe-free, is more valuable than ground subject to such charge; and the capitalist, who seeks to vest his stock in cultivation, will, to the full amount of this greater value, be disposed to pay a higher rent. Now it is evident that, in whatever proportion tithes fall upon the revenue of the land proprietor, they must, in the same proportion, cease to be a tax upon the profits of the cultivator. The farmer who pays £.90 a year to his landlord, and £.10 a year to his rector, will sell his produce at the same rate, and with exactly the same profit, as the farmer, who, being exempt from tithes, pays for fields of the same extent and fertility, the whole sum of

£.100 in the form of rent. The proper way of considering tithes, therefore, is, as a portion of the rent of land, made payable by law, to persons not being land proprietors. While the same sum is paid, it is of small importance to the cultivator, by what person it is received. Neither have the proprietors of those lands, a part of the rent of which is made payable to the church, any just cause of complaint. At the period of the original conquests, or grants, upon the right of which their families either inherit or have purchased, land was subject to this charge; and, therefore, proprietors can make good a title, only to nine-tenths of its produce. The other tenth, a title, as ancient and as valid as their own, gives to the maintenance of the religion of the state.

Though, to all land proprietors, whose families, by conquest, grant, or purchase, have, subsequently to the establishment of tithes, become entitled to estates, this mode of raising a revenue for the church can afford no ground of complaint; and, though it is quite evident, that, so long as a known, and determinate sum is paid for the use of land, it is, to the cultivator, a matter nearly indifferent,

whether the whole be given to the landlord, or a part to the rector; yet as, in consequence of the present mode of collecting them, the value of tithes is unfixed, and may vary from year to year, according to the quantity of capital, which is employed upon the soil, they undoubtedly fall, with disproportioned, and exclusive weight, on tillage. If the farmer brings in new fields, or bestows a heightened culture on the old, the clergy become entitled to an increased share of the fruits of his labour, and of the profits of his stock; and thus, from the mode of their collection, tithes operate as an interdiction upon improvement, and as a direct tax on the growing of corn.

But this evil is by no means essential to the tithe system; and, by some modification in the manner of collecting, might be completely obviated. If, for example, they were, after a fair valuation, let at a stated sum, for a given period, say ten years, then their injurious influence upon industry and cultivation, would be entirely done away. Under such a mode of collecting their amount, they would operate exactly as a rent; they would be merely a portion of the revenue of land, set apart, prior to

the landlord's title, for the maintenance of religious teachers. During the period for which they were leased, they would not, to whatever extent tillage or improvement might be carried, entitle the clergy to enter on the fruits of the farmer's labour, or to share in the profits of the increased stock, he might lay out on the soil.

The lease granted by the rector, as well as the lease granted by the landlord, ought to be of sufficient length, to secure to the cultivator the customary profit on whatever capital he might sink in improvement. This improvement, after it had repaid, with an adequate profit, the expense of realizing it, would increase the amount, both of the rent, and of the tithe; and landlords, clergy, and tenantry, would have a joint interest in the improvement of tillage.

But, though tithes, if fixed at a given sum, for a known period, could not, any more than a rent fixed for the same period, by the land proprietor, have an injurious effect upon agriculture, yet we must not forget, that, as they are at present collected, they operate as a discouragement to agriculture, and as a direct, and unequal tax upon the

production of corn. Under the present mode of collection, therefore, they force capital from the soil, into channels where it would not naturally flow, and are indirect infringements of the great principles of equal intercourse and free trade.

Poor rates have been frequently represented as a species of tax, falling exclusively upon agriculture. The representation is undoubtedly erroneous. So far as the amount of the poor rates can be ascertained, the capitalist who embarks his stock in cultivation, will, to their full amount, give less rent for a farm subject to poor rates, than for an equal farm exempt from the payment of them; and hence, even supposing them to fall exclusively upon the landed interest, they would, like well-regulated tithe, be a deduction from the income of the land proprietor, not a tax upon the capital of the cultivator.

But poor rates do not fall exclusively upon the landed interests. In England a very great proportion of the population is collected into manufacturing towns; and the parishes of the towns support their poor, as well as the parishes of the country. The country parishes, may probably pay a

higher rate than those situated in towns, but then, as all that part of the rate which is fixed or ascertained, at the time of taking leases, enters into the calculation of the capitalist when he undertook his rent, and vested his stock in cultivation, and must diminish the revenue of the landlord, rather than operate as a tax upon the tenant, charges for the maintenance of the poor can have little tendency to divert industry from the channels, which it naturally would take. It is only when that part of the rate, which being too recent, and too uncertain to have entered into the calculation of the cultivator, when he took his farm, is more burthensome in the country, than it is in the towns, that assessments for the poor operate, as direct and exclusive taxes upon agriculture.

What we have said respecting poor rates, applies equally to all county assessments, laid on for the repair of roads and bridges. When they exceed the proportion of the similar assessments laid on in towns, for paving and lighting; and when this excess is too recent and uncertain, to have entered into the calculation of the farmer, when he assumed his rent, they heighten, beyond the due pro-

portion, the expenses attending cultivation, and operate as restrictions on the trade of the farmer.

The same principle holds good with respect to all taxes laid on servants, horses, and carriages employed in agriculture. In short, every impost, of whatever kind, and every arrangement, of whatever nature, which tends to increase the price of agricultural produce, without, at the same time, and in the same degree, tending to increase the price of all the other articles that might be employed to bring produce from abroad, gives the foreign, an advantage over the home, grower, disturbs the equilibrium which all occupations, if left to themselves, have a perpetual inclination to preserve, diverts capital from the channels, in which, but for such interference, it would find its most profitable occupation, and forms an indirect infringement on the liberty of trade, and an unfair restriction upon the farmer.

In the foregoing paragraphs, we have considered the imposts laid exclusively, or unequally, upon the soil, as they diminish the revenue of the land proprietor, and as they reduce the profits of the stock employed in cultivation. Now, though these ope-

rations of taxes imposed on land, have frequently been confounded, and treated under the common character of depressing the landed interest, yet there is an important distinction between them, which, if we would attain to any accuracy in our reasonings, it is necessary to mark, and keep to in view.

Tithes, considered as a portion of rent set apart, at a period prior to the conquest, grant, or purchase, under which the proprietor holds, are neither unjust towards individuals, nor injurious to the public; while, in trenching upon the profits of the stock employed in cultivation, they are both. Poor rates, and assessments of all kinds, when they press more heavily in the country, than in towns, are, as they affect the rent of land, unjust; and, as they affect capital vested in the soil, are both unjust to individuals, and injurious to the country.

In drawing this distinction, however, between the effects produced upon the landlord's rent, and the cultivator's profit, I would not be considered, as urging any thing in extenuation of regulations, which may be found to press unequally upon the former. To tax land proprietors, or any other class, more heavily than the rest of the community, is, evidently, injurious and unjust. Injustice, and in-

jury, however, have their degrees. While the enlightened legislator will be careful to avoid any measures which inflict partial evil, he will be solicitous to shun the arrangements, which in addition to their partial evil, hurt the general good. Taxes falling unequally on the cultivator, are, upon the score of justice, as exceptionable as those, which fall unequally upon the landlord; and, over and above this common evil inflicted on individuals, tend to lower the rate of profit upon the stock vested in the soil, to restrict cultivation, to turn industry aside from that most profitable direction, which, if left to itself, it would seek, and, in this manner, to retard the prosperity of the country.

Now, except when the landlord is also the cultivator, and employs what would otherwise be rent, not as a revenue to support consumption, but as a capital to increase production, it is, with respect to the direction of industry, and the growth of wealth, of small importance, whether the whole of the rent of land goes into the pocket of the landlord, or whether a part of it, and even a disproportionate part, goes to the clergy, to those who work upon roads and bridges, or who supply articles to poor houses and hospitals.

When landholders can shew, that any tax draws from them a disproportionate part of their revenue, they are, undoubtedly, entitled to redress; but then, their case, however clearly made out, is not so strong, as that, which is formed of equal individual injury, conjoined with great public evil.

Whenever it can be made appear, that a tax or assessment falls with unequal weight upon the rent of the proprietor, or on the profit of the cultivator, the landed interests, both on the principle of impartial dealing, and on the ground of public prosperity, are entitled to redress and protection. The most obvious redress, the most simple and natural protection, undoubtedly would be, a repeal, or equalization of the impost which inflicted the unequal and injurious pressure. To such equalization or repeal, there could not be, throughout the country, an objection raised. But when a more equivocal species of indemnification and protection is demanded, when, in order to make good the landlord's loss, and to restore the different branches of industry to their proper level, it is proposed to infringe upon the freedom of the external trade in corn, which theory and experience have united to

pronounce, so powerful in saving us from the irregularities of the seasons, in augmenting subsistence, and in accelerating prosperity, it is natural to pause, and to ask, before we risk such a measure, whether a protecting duty laid upon foreign corn, could be so apportioned, as to attain, without going beyond its object; and whether, if it could be so apportioned, the remedy might not be found more injurious than the original evil it removed? These points we shall endeavour to ascertain.

For, though, in general, the high price communicated to a commodity, by those indirect taxes, which, falling partially, do not, by elevating the markets universally, constitute, in themselves, a countervailing duty, should be considered as precisely analogous to the high price added to a commodity by a direct impost, and though it could, with respect to every other branch of industry, be proved conformable to the best maxims of political economy, to impose, in the former, as well as in the latter case, such duties on the importation of a similar foreign commodity, as would deprive it of any advantages over the domestic one; yet, the external corn trade is of a nature so peculiar, and

exerts so powerful and important an effect upon the supply of subsistence, and on the productive powers of labour, that it becomes necessary to enquire, whether, with respect to it, the principle of countervailing duties, for the purpose of restoring equality of intercourse, and returning capital into the original channels, from which it had been forced, may not be found inapplicable.

We are to enquire whether, when taxes press disproportionately upon the soil, duties upon foreign corn can be so apportioned, as to restore things to their original places; and whether, could they be thus apportioned, they might not inflict evils, greater than those which they removed.

In the first place, when taxation, even in its most simple form, and without affecting any thing else, falls directly and exclusively upon the land, and enables us precisely to ascertain the unequal and injurious diminution occasioned in the proprietor's rent, and cultivator's profit, it becomes a problem of great difficulty and nicety, to determine, what amount of countervailing duty would readjust the balance of industry, and place the farmer in his former relative situation with respect to the do-

mestic manufacturer, and the foreign grower. But, as the sum, which may be demanded for tithes is, under the existing mode of collecting them, liable to perpetual variation, the enquiry, to what extent they force capital from the soil, and to what amount protecting duties are required to turn it back into its natural channels, becomes in a higher degree perplexed and uncertain.

With respect to all parochial and county rates, and assessments, the case is still worse. Not only are these varying and uncertain in their amount, but, before any conclusion can be drawn, respecting the degree of duty which might be necessary to counteract their operation, the new, and difficult question arises, how far they act unequally, and depress the industry of the country, below that of the towns?

But this is not all. When the expenses of cultivation are increased, the farmer must either increase the price of his corn, or else, ceasing to obtain the customary rate of profit upon his stock, must cease to cultivate. Now, if importation be restricted, as the farmer begins to leave off growing corn, the failing supply will necessarily raise

prices, sufficiently high to cover all the increased costs of tillage. Hence, any thing which tends to keep foreign grain out of our markets, will have an irresistible effect in raising the price of corn, with every increase which may be induced in the expense of cultivation, and in indemnifying the landed interest for imposts falling unequally upon the soil. But, in whatever degree the foreign grower may be subject to ill-regulated tithes, and burthensome assessments, in the same degree must his prices be raised, and his corn kept out of our markets. It is therefore, only in the proportion in which the unequal imposts laid upon the soil at home, exceed the burthen laid upon the foreign farmer, that the landed interest have any claim to indemnity, or that industry is turned from the channels which, if all charges upon the soil, both at home and abroad were removed, it naturally would take.

Before, therefore, we can decide upon the amount of a protecting duty upon importation, we have previously to determine, how far the various imposts, which press unequally upon the land at home, exceed the burthens which are imposed upon land abroad. The difficulty of doing this is ob-

vious. When we consider the various facts which must be ascertained, and the different balances that must be struck; when we take into account the fluctuating operation of tithes, the uncertainty of rates and assessments, the nicety of distinguishing how far they press more heavily upon the soil, than upon the towns; and, above all, the difficulty of ascertaining the degree, in which this excess exceeds the imposts laid on foreign agriculture, we may safely pronounce, that, to determine with precision, the amount of the protecting duty which would be sufficient to indemnify the landed interest for unequal taxes, and to restore the equilibrium they disturb, must be impossible.

The impossibility of ascertaining, with any precision, the amount of the countervailing duties which it might be necessary to lay on importation, is a sufficient objection to resorting to them, as a means of counteracting the operation of those imposts which fall exclusively, or with disproportioned weight, upon cultivation. If the duty were laid on too low, it would be an inadequate measure, and could not accomplish its object; if it were laid on too high, it would be a gratuitous in-

fliction of evil on the country, depriving the people of the power of availing themselves of that admirable provision, which, in the uniformity of her general results, nature has made for repairing the mischief, which might arise from her partial irregularity; and exposing them to that uncertainty in the supply of food, which, while the seasons continue to vibrate between redundance and deficiency, must increase, in proportion as they depend on the resources of a single country.

But the difficulty, not to say the impossibility, of ascertaining what the duty ought to be; the abortiveness of taking it too low, and the mischief of taking it too high, however valid they may be as objections against attempting to rectify, by restricted importation, the evils of taxation falling unequally on the growing of corn, become of minor importance, when we consider, that, even if all difficulty in determining the amount of the duty were removed, and that if it were so apportioned as just to reach, without going beyond its object, and exactly to indemnify the proprietor and the cultivator for the excess of taxation which they paid; such duty might, nevertheless, inflict upon

the country, evils of greater magnitude than those which it removed. This I will endeavour to explain with all possible brevity and clearness.

When taxation falls more heavily upon agriculture than on other branches of industry, and raises the natural, or production-price, of corn, in a greater degree than it raises, at the same time, the natural or production-prices of the other articles with which foreign corn may be purchased, then the following effects will necessarily be produced. The farmer, in the first instance, when he finds the expenses of cultivation increased on him, will raise the price of his corn, so as to enable him to pay his rent, and to enjoy the customary rate of profit upon stock. But as all articles do not, as in the case of equal taxation, experience a simultaneous rise, in the same proportion with the productions of the soil, and thus, in the manner before explained, prevent importation, the advance which the farmer induces in the markets, will operate as a bounty on the introduction of foreign corn.

The consequence will be, that, the foreign grower, in whatever degree he may be less burthened with taxation, will have an advantage over

the home grower; and the markets, which had at first been raised, will be forced down below what is sufficient to secure the farmer in the customary rate of profit upon stock. Of this, diminished cultivation is the inevitable result. Farms, which, though inferior to the growing lands in the neighbouring countries, were kept under the plough, in consequence of the natural protection afforded by the expense of carriage on an article so bulky as corn, will be unable, at the reduced prices, to repay the new and unequal charges, and will be thrown out of tillage. Cultivation will be confined to those districts, whose natural fertility, aided by the natural protection just named, will be found adequate to sustain the unequal competition; and capital will be forced from the soil to the now more profitable occupation of fabricating articles, with which to purchase foreign corn. The foreign corn thus imported, will, indeed, create an increased foreign demand for our wrought goods; and, as the uninterrupted circulation of grain will keep the price of provisions both low and steady, manufactures and commerce may flourish, while the landed interest is depressed and agriculture discouraged.

This statement of the consequences which must flow from taxation falling with disproportioned weight upon the soil, and raising the production-price of corn, in a greater degree than the production-price of other articles, must instantly convince us that such taxation is unjust and impolitic. It is evidently unjust to depress the landed interest by laying on them burthens not borne by the rest of the community; evidently impolitic to give, by unequal imposts, the national industry a direction different from that which it naturally would take. When, under a state of free intercourse, inferior soils are made to produce corn, it can only be because, in consequence of the expense of bringing so bulky an article from abroad, such employment of stock is deemed the most beneficial. To prevent, by unequal imposts, or by any artificial regulation whatever, stock from being invested in what would be its most beneficial employment, is the same thing as diminishing the productive powers of industry; is the same thing as diminishing the wealth, and checking the prosperity, of the country. On the impolicy of taxes, which press partially upon the soil, and on the propriety of re-

pealing them, there cannot, consequently, be two opinions. But, before we can decide upon the wisdom, not of repealing such taxes, but of counteracting their effects by a duty on importation, we must, even admitting that the duty could be so apportioned as to attain the end, inquire, in the second place, whether it might not induce consequences more injurious than those, which it removed.

When taxation falls upon the soil, and increases the expenses of cultivation, it will require a greater quantity of capital, to produce the same quantity of corn. If duties upon servants, horses, iron, leather, with rates and assessments, add fifty per cent. to the out-goings of any farm, it is evident, that, in order to continue it in the same state of culture as before, fifty per cent. must be added to the farmer's stock.

Hence, with respect to the productive powers of the capital employed in cultivation, to tax the land is the same thing as to lower the quality of the soil. Suppose that, of two farms equal in extent, one is so fertile that a thousand pounds, in capital stock, will raise from it ample crops of corn, while, owing

to the inferiority of the other, and the greater degree of dressing which it requires, crops of similar goodness cannot be raised from it, without employing a capital of fifteen hundred pounds. Here the production is equal, and the only difference consists in the quantity of capital employed. Now, let us farther suppose, that, upon the more fertile farm, various imposts are accumulated, until the increased wages of labour, the increased cost of keeping horses, and the increased price of every article requisite to tillage, compelled the farmer, in producing the same crops as formerly, to employ stock to the amount of fifteen hundred pounds; that is, equal to the amount of stock employed on the inferior farm. Here, then, the produce of the two farms being the same, and the stock employed on them being the same also, it is evident that the taxes accumulated on the fertile one, would have an effect identical with that, which would be produced by lowering the quality of its soil, and would reduce the productive powers of the capital vested in its cultivation.

Taxes laid upon the land, having, in this manner, the effect of *defertilizing* the soil, we perceive

more clearly the extreme impolicy of imposing them; and are enabled to judge, more accurately, how far protecting duties upon foreign corn, would tend to counteract their operation, and to relieve the country from the mischief they inflict.

It has appeared, in a former chapter, that when, in consequence of natural sterility, a given quantity of capital, employed upon the soil, cannot raise so abundant a supply of corn, as, by preparing wrought goods, it could purchase from the foreign grower, the happiest consequences are produced by leaving importation free. Now, the same holds good with what may be called the artificial sterility induced by taxation. When, in consequence of various imposts, pressing unequally upon the land, the expenses of growing corn are so much increased, that a given quantity of capital, vested in cultivation, will not raise so abundant a produce as the same capital, if directed to some branch of industry less heavily burthened, could purchase from abroad, it is self-evident, that, in such branch of industry, it receives its most beneficial occupation, and conduces, most powerfully, to increase wealth and promote prosperity. It is

also self-evident, that if, by taxing our land, we increase the expense of producing corn at home, beyond the expense of producing it in other countries, our prices will be higher than theirs, and we shall be an importing, rather than an exporting country. But it has already been fully shown, that a country, the circumstances of which are adverse to the exportation of produce, can escape fluctuating supply and unsteady price, only by granting perfect freedom in the import trade in corn.

All the benefits, therefore, of unrestricted intercourse, whether with respect to wealth and prosperity, or to correcting the irregularity of the seasons in supplying food, belong equally to the case of a country where the production-price of corn is raised by natural sterility, and to the case of a country in which natural price is raised by taxes lowering the productive powers of the capital vested in cultivation. Such unequal taxes upon land, inflicting, as it were, an artificial sterility on the country, cannot be too severely censured, or too speedily repealed; but, during their continuance, a perfectly unrestricted external trade in

corn, seems the most effectual means of mitigating, whether with respect to the supply of subsistence, or the progress of wealth, the evils which they inflict.

Taxes, falling unequally upon the soil, inflict evil in three ways. First, they reduce the productive powers of the capital employed in cultivation; or, as we before said, produce an effect similar to that of lowering the quality of the soil; in the second place, they throw out of cultivation, lands which, though inferior to those cultivated in other countries, were kept in tillage by the natural protection arising from the expense of carriage, and, consequently, give capital a forced, and, therefore, a less profitable, direction, than it naturally would take; and, thirdly, by occasioning an increased portion of produce, to be devoted to pay the profits on the increased quantity of capital necessary to cultivation, as well as by throwing out land which, but for their operation, might be profitably tilled, they effect an unjust diminution in the revenue of the land proprietor. The question is, would these evils be remedied by laying a protecting duty on the importation of foreign

corn? Let us enquire a little farther, what tendency this measure could have to counteract such injurious effects; let us, in concluding the chapter, briefly examine, how far a restriction on importation could diminish the quantity of capital required to produce a given quantity of corn; turn the capital, forced from the soil, into a channel more conducive to wealth and prosperity; or, restore, to the landlord, the income he had lost.

If, after unequal taxation had diminished tillage, and occasioned us to draw a part of our consumption from the foreign grower, importation were restricted, the diminution of the supply would immediately elevate prices, until it again become profitable to cultivate the inferior soils which had been thrown out. Now, these elevated prices, and this restored cultivation, could have no conceivable tendency to reduce the quantity of capital necessary to the production of corn. The unequal taxes must still be paid, and their amount still increase the expenses of production, and compel the farmer to employ a greater stock in cultivation. But further, the capital necessary to cultivate any given extent of land, would be increased,

not diminished. For the high price of corn would, after a little time, communicate itself both to wages and to commodities; and the expenses of tillage would thus be increased upon the farmer.

Restricted importation, therefore, instead of reducing the quantity of stock, which taxation rendered necessary to the growing of corn, would have a directly opposite effect, and would lower, still farther, the productive powers of the capital employed in cultivation. With respect to turning the capital which taxation had forced from the soil, into a more beneficial channel, the case would be still worse. This capital was originally employed in cultivating inferior soils, because, from the natural protection, afforded by the charge of carriage, on an article so bulky as corn, such employment was found most beneficial; and subsequently, when unequal taxation increased the expense of growing corn, without increasing, in a like proportion, the expense of producing other things, it was withdrawn from the soil, because it found a more profitable employment in working up goods, with which to purchase grain in the

foreign market. Now, to force, by restricted importation, this capital back upon the soil which it had left, would not be to return it to its most beneficial employment. While, in consequence of unequal taxation increasing the expense of producing corn at home, any quantity of capital can bring a more abundant supply of corn from abroad, than it can raise at home; then, to bring corn from abroad is the most profitable occupation, which, in consequence of injudicious imposts, remains. To deprive capital, therefore, of the most profitable employment remaining, would be adding injury to injury.

Here then, again, restricted importation would increase the evil, which it was employed to counteract. With respect to restoring the landlord's income, its effect, in the first instance, would be better. As the foreign supply was cut off, and the prices rose until the inferior lands were restored to tillage, these lands would afford a rent to the proprietor, and the rents already paid upon the better grounds, whose fertility enabled them, notwithstanding the burthens upon production, to meet the competition of the grower of other coun-

tries, would receive, on leases being renewed, a considerable increase.

This indemnification, however, received by the landlord, would be but of short duration. The restriction from which it was derived, would have increased, not diminished, the quantity of capital necessary to produce a given quantity of corn, from the better lands; and would not have restored, but would still further have diminished, the productiveness of the capital turned back to the inferior soils. The powers of industry would be lowered, and the value of land, necessarily suffering from the universal check given to prosperity, would sink; hence it would be found impossible to sustain the landlord's rent so high as it might have risen, if unrestricted importation, leaving manufactures and commerce to attain their utmost height, had suffered capital to accumulate, until the reduction in the rate of profit and of interest, increased, in the manner already shewn, the relative value of the soil, and compensated, in some measure, the artificial sterility inflicted by taxation.

When such artificial sterility is inflicted, when

a greater quantity of stock is rendered necessary to the production of the same quantity of corn, capital will seek to escape from cultivation, now become the least beneficial employment, and to take a direction in which its productive powers will be less oppressed. This process, to borrow an illustration from the animal economy, is as a rectifying effort of nature, forcing the circulation into inferior vessels, when the main artery has been stopped. The surgeon who, instead of aiding nature, or, at least, leaving her unimpeded in her efforts, to rectify the derangement occasioned in her operations, should propose to turn the blood into its former course by tying up the inferior vessels into which it had been forced, would evince but little knowledge of the animal economy. Now, might it not be asked, whether a greater share of knowledge, in political economy, would belong to him who, while unequal taxes upon land render cultivation the least productive occupation in which capital can engage, should seek to rectify the injury these taxes inflict, by stopping up the other channels into which capital had been forced ?

When, in consequence of accumulated taxation, capital escapes from the soil, to the more profitable occupation of working up raw material, and purchasing corn from other countries, the price of corn is little advanced, and, therefore, the productive powers of general industry are little lowered. But when, the taxes still continuing, we check importation, and force into tillage, land on which the expenses of cultivation are so great, that a given quantity of capital cannot raise from them so abundant a supply as it would have purchased abroad, then the natural price of corn is increased. The additional rent, too, which will now be paid for superior lands, will increase its natural price upon them, as well as upon the inferior, forced into tillage. The natural price of corn, then, will be increased throughout the country. An increased natural price of corn, however, is not only the same thing as a reduction in the productive powers of agricultural capital, but occasions a reduction in the productiveness of every species of industry, carried on by the consumers of corn. As the solitary individual, who is obliged to devote a greater quantity of his time to raising food, will

have less time to prepare clothes and furniture, so, the society which is compelled to direct a greater number of its hands, and quantity of its stock, to raising its supply of corn, will have less of both to employ in manufactures and trade. As the high price of corn, gradually communicates itself to wages, and, through wages, to the various expenses attending the working up of materials, the capitalist, with the same quantity of stock, will be able to produce only a smaller quantity of goods.

Hence, restriction upon import, again forcing into cultivation land from which taxation had driven capital, would universally check production. With the failing wealth of all consumers, the home demand (the only one which could exist while taxation elevated prices) would fail. Prices would fall, until the inferior lands could no longer be cultivated, nor the superior ones offer the heightened rent. After having, for a short period, received an indemnity for unequal taxation, the land-proprietor would be thrown back into a worse condition than before.

And now we may conclude, that a protecting duty laid on the introduction of foreign corn, would

not remedy any of the evils inflicted by unequal taxes upon land. On the contrary, it would aggravate them all. In the first place, it would increase the quantity of capital, necessary to raise any given quantity of corn, or, in other words, add to what may be called the artificially induced sterility of the soil; in the second place, in restoring the lands, which had been thrown out, to cultivation, it would not (and this is a most important consideration) restore the capital forced back upon them, to its former productiveness; but, on the contrary, would turn it from the channels which, in consequence of unequal taxation, had now become the most conducive to wealth and prosperity; and, in the third place, the restriction upon importation, though it might, at first, restore the land proprietor's income, and even, perhaps, give him more than a just indemnity for the excess of taxes he paid, would, in consequence of the powers of industry being universally paralyzed, involve him in the general failure, and reduce him to a much worse condition than before.

To all these evils, respecting wealth and prosperity, is to be added, the evil of perpetual fluctua-

tion in the supply, and in the price, of corn. When, by restricted importation, we force an independent supply, from soils which, in consequence of unequal taxation, could not, even under the powerful natural protection afforded by the expense of carriage, stand the competition with foreign soils; we necessarily raise our prices considerably beyond those of foreign countries.

The consequence is, that, in abundant years, superfluity cannot be removed, until the markets have sustained an extraordinary fall. If, by the joint operation of taxes, and duties to countervail taxation, we raise an independent supply at the average price of sixty shillings a quarter, while, in the neighbouring countries, the average price is only forty shillings; then, it is evident, that exportation could not take place, until our markets fell so far below forty shillings the quarter, that the merchant, after paying the expense of carriage, could sell, in the foreign market, at that price. Let ten shillings a quarter be sufficient to pay the expense of carriage, and the exporting merchant's profit, and then our markets must fall ten shillings below forty, before our corn can be sent abroad; that is, our mar-

kets must be in a perpetual state of fluctuation, between sixty shillings, the price of average years, and thirty shillings, the highest price at which, in abundant years, superfluity can be removed.

From this illustration it must appear, that were we, when taxation renders production more expensive than on the continent, to force, by countervailing duties, an independent supply, we should, in addition to a calamitous loss of wealth, suffer all the evils of uncertain and deeply vibrating prices. The beautiful provision, which, in the uniformity of her general results, Nature has made against partial irregularity, would be lost to us. Duties on the importation of foreign corn, even if they could be so apportioned as exactly to countervail unequal taxes upon land, to pour back capital into the channels from which it had been forced, and to place the landed interest on a footing with other classes of the community, would, nevertheless, with respect to wealth, subsistence, and even the revenue of the land proprietor, induce mischief far greater than that which they were intended to remove.

And now, to recapitulate the conclusions which

the reasonings of this chapter have been employed to enforce.

Taxes, falling equally on all the classes of the community, and thereby producing a universal rise in wages, do not, (as wages form a smaller proportion in the component parts of raw produce, than in the component parts of the price of wrought goods) increase the expenses of growing corn, in a greater, or even in so great a degree, as they increase the expenses of working up materials. Such taxes, therefore, repel the foreign grower by the high price of the articles he must receive in payment, full as much as they attract him by the high price to be obtained upon his produce, and, consequently, do not give him any advantage over the domestic cultivator.

Taxes, falling exclusively, or with disproportioned force, upon land, and thus increasing the expenses of cultivation, in a greater degree than they add to the costs of production in other branches of industry, and raising the price of corn without raising, in a similar proportion, the price of the goods with which it might be purchased in other countries, give the foreign, an undue ad-

vantage over the home grower; operate as an injurious discouragement to domestic agriculture; force capital from the channels in which it found its most profitable occupation; and, in relation to the manufacturing and commercial classes, ununjustly depress the landed interest.

Such a state of things is at variance with the fundamental principles of political economy. Whether with a view to promote the prosperity of the country, or to dispense impartial justice, capital should be allowed to take its most profitable occupation, and individuals be indemnified for any disproportionate pressure which they may sustain.

These most desirable objects can be attained, only by removing the causes, which disturbed the balance between the various departments of industry; that is, by regulating the collection of tithes, discontinuing all duties on the farmer's servants, horses, and carriages; and equalizing rates and assessments, between the country and the towns.

Countervailing and protecting duties, imposed on foreign corn, cannot be so apportioned as to replace things in their former relative positions;

and, even if their amount could be determined with sufficient accuracy, to restore the original balance between all the employments of capital, and classes of the state, they would yet effect a universal reduction in the productive powers of industry, induce a perpetual fluctuation in the supply of food, involve the land proprietor in the general declension of the country, and inflict evils much greater than those, which they were adopted to remove.

And, therefore, the particular case of a country, more heavily taxed than her neighbours, does not constitute an exception to which the general principle of a free external trade in corn is inapplicable. On the contrary, during the continuance of taxes, even in their most objectionable operation, of unequal pressure upon the land, an unrestricted commerce in grain, mitigates the evils which they inflict.

CHAP. III.

On the Limitations, to which the general Principles of the external Trade in Corn, are liable, in their Application to the particular Case of a Country, in which Restrictions upon Import have already induced an artificial Scale of Prices, and given a forced Extension to Agriculture.

HAVING, in the two last chapters, shewn, that neither legislative interference with respect to other branches of commerce, nor the existence of a heavier taxation than is borne in other growing countries, forms an exception to the principles of a free external trade in corn; we have now, with respect to this part of our subject, only to enquire, whether these principles are liable to any limitations in their application to the particular case of a country, in which restrictions on the commerce in grain have already turned capital from its natural direction,

and established an artificial scale of prices. This question, always interesting, as involving the difficult problem respecting the introduction of political change, derives, at present, great additional importance from the circumstances that a forced direction of capital, in consequence of interrupted commerce, constitutes our actual state; and that, it is under an artificial scale of prices, thereby induced, that it has become necessary to legislate. The effects of the war, and of the Berlin and Milan decrees, were, to lay such restrictions on the importation of foreign corn, as to give the British farmer almost the entire supplying of the home market; and to occasion a great additional capital to be vested in cultivation. The practical consideration for the statesman, therefore, is, whether, now that this artificial stimulus has been withdrawn by the peace, the capital which was thus forced into agriculture, should receive, from the legislature, protection in that occupation.

Our great political economist, Dr. Smith, in stating the limitations to which the general principle of complete freedom in trade is liable, seems to consider the actual existence of artificial encou-

ragement as one. He urges, that when any commodity of our own production, has been encouraged for some time by high duties and protections, it would be injurious suddenly to restore a free importation of the same kind of article. "Humanity, in this case," he contends, "requires that freedom of trade should be restored only by slow gradations, and with caution and circumspection. Were these high duties and protections taken away all at once, cheaper foreign goods, of the same kind, might be poured so fast into the home market, as to deprive, all at once, many thousands of our people of their ordinary employment, and means of subsistence."

This scarcely needs illustration. England, by very high duties on the importation of foreign wrought goods, has, to a considerable extent, established manufactures, not naturally adapted to the country. In this she has undoubtedly given some check to her prosperity, and rendered her labour and capital less productive, than they otherwise might have been. But, nevertheless, were she, all at once, to attempt the introduction of theoretic perfection into her commercial regulations, and

suddenly to repeal the high duties upon the importation of articles not naturally adapted to the country, very calamitous consequences would, in the first instance at least, ensue. Undersold, in their own market, by the foreigner whose exertions cooperated with nature, our capitalists and labourers, who had been induced to vest their stock, and to acquire skill, in the forced and exotic employments, would now be driven to seek a livelihood in other occupations. The former could not do so, without extensive pecuniary loss; nor the latter, without losing all that species of *moral capital*, consisting in the skill and dexterity he had acquired in his trade. Great individual distress, and a considerable temporary reduction in the productive powers of industry, would be the consequences.

Now if, even in the case of some exotic manufactures, the sudden repeal of the duties which had given a forced direction to industry, would be attended with consequences so injurious, we may form some estimate of the calamitous effects which would ensue, from a similar proceeding, with respect to the universal trade of agriculture. In a country, accustomed to import a part of her con-

sumption of food, any considerable restriction on the introduction of foreign corn, effects, in the first instance, a great advance in the markets; and, hence, forces labour and capital, to the cultivation of those inferior soils which, under the old prices, could not be tilled with a profit. Now, as soon as the interruption of foreign supply raised prices so high, that the customary rate of profit could be obtained by the cultivation of tracts which had before remained untilled on account of their sterility, a rate of profit, higher than the customary, would be obtained by the cultivation of the fertile districts which had been able to stand foreign competition. But, as leases expire, the competition of capitalists will always prevent lands from being let at a lower rate, than is necessary to ensure the farmer, the customary profit on his stock. In a country, therefore, which would naturally import a part of her consumption, an interruption of free intercourse, occasions a universal rise in rents, and affects every contract which may be entered into, between landlord and tenant.

Nor is this all. All the money transactions of the land-proprietors, will be influenced by this in-

crease of income; mortgages, marriage settlements, incumbrances for younger children, will all increase, with the increasing rent-roll; while, as the high price of corn soon begins to communicate itself to all other things, the expenses of government will be enlarged, and an influence will be extended to all its transactions with the public creditor.

Thus we see, that, while restrictions on the importation of wrought goods, not naturally adapted to the country, would give a forced direction to labour and capital, in a few manufacturing towns and districts; restrictions on the introduction of foreign corn, would, in a country, the circumstances of which naturally led to the importation of grain, not only give, to an incalculably greater extent, a forced direction to capital and labour, but would, universally, influence the money transactions of individuals, and the financial arrangements of the government. In proportion to the magnitude of the change, would be the evils inflicted by a sudden cessation of the restrictions, which had produced it. The nature of these evils we will now examine.

In the first place, the removal of those obstacles to the importation of foreign grain, which, by turn-

ing industry from its natural course, had forced an independent supply of food, would enable the cultivator of the fertile tracts of the adjacent growing countries, to pour in a cheaper supply of corn than could, from the inferior soils which had been forced into cultivation by the artificial prices induced by fettered commerce, be obtained at home. But when prices were, in this manner, brought down to the natural level, these inferior soils could no longer be tilled with advantage. The capital, therefore, which had been expended in bringing them into a state of tillage, would cease to be productive; nay, even the stock which existed in permanent implements, and buildings, would be deprived, in a great measure, of its exchangeable value, and productive power, and could not be disposed of, or converted into other articles, or turned into other employments, without considerable loss. The agricultural labourers, too, who had been employed upon the land thus thrown out of tillage, would lose all the benefit of the skill and dexterity they might have acquired in their accustomed calling; and, deprived of their moral capital, would

be driven to seek employments in which their productive powers must be lowered.

It would be fortunate, however, if the derangement and distress could be limited to those districts which should be thrown out of tillage by the sudden removal of the restrictions upon importation. When a diminished supply, and heightened price of corn, enable capital to obtain the ordinary rate of profit from the cultivation of the inferior lands, then those of a superior quality yield, upon the capital employed on them, an extraordinary return, and, when they come to be re-let, must, from the competition of farmers, obtain such an increase of rent, as will reduce the profits of cultivating them to the natural and level rate. Now, on the removal of restrictions upon import, and consequent fall in the markets, the occupiers of such land will no longer be able to afford the advanced rents contracted for, under artificial prices. If they continue to pay these rents, they will fail of obtaining the customary rate of profit on their capital: nay, their profit will not only fail, but even their capital itself will begin to diminish. They will be obliged,

either to surrender their farms, or to become bankrupts.

The interest of the proprietor, and of the cultivator of the soil, though not identical, are yet so intimately connected, that any serious injury affecting the one, is likely to be communicated to the other. While a sudden reduction of prices falls thus ruinously upon the tenant, it occasions a distressing diminution in the income of the landlord. Under such circumstances, and when it is impossible to sustain prices, it is the wisest plan in the proprietor, to acquiesce in the reduction of his fortune, to enter into some equitable compromise with his tenantry, and to grant new leases, proportioning rent to the new scale of prices. Should he have incurred debts, made settlements, or entered into any money transactions, under the confidence of receiving an undiminished income, and should the necessity of making good his engagements, or the mere force of avarice, cause him still to demand the stipulated amount of rent, such proceeding would, ultimately, tend only to increase the embarrassment, or to defeat the cupidity, which

prompted it. For, if the tenantry, under such circumstances, continued to hold their farms, they would exhaust, in the payment of a rent, now rendered exorbitant, the capital available for cultivation; and, in a little time, would render themselves, not only unable to discharge the sum agreed upon, but even to make up, as they might easily have done, if a compromise had early taken place, a rent abated in proportion to the reduced scale of prices. Landlords must ultimately impoverish themselves, when they enforce bargains, the fulfilment of which would trench upon the stock employed in cultivation.

The important classes of land proprietors and cultivators, could not sustain so violent a convulsion of property, without a shock being communicated to the whole community. The manufacturing and commercial classes, indeed, would, at first, experience some encouragement from preparing, and exporting, the articles which paid for the foreign corn, that unrestricted intercourse brought into the country. But the benefit they received on the one hand, would be counterbalanced, and much more

than counterbalanced, by the injury sustained upon the other. The home, is, beyond all comparison, more conducive to wealth and prosperity, than the foreign, trade. No advantages, acquired in the foreign market, could compensate the manufacturer and merchant, for the diminished demand of the domestic market: proprietors and cultivators would not have sustained a mere reduction of their money income, which, accompanied and occasioned by a corresponding rise in the value of money, left their real wealth, and demand for commodities unchanged. Diminished cultivation would have left them a reduced quantity of produce; and, as the throwing out of the inferior lands, and the reduction of rents, will have lowered the natural, as well as the market price of this produce, the smaller quantity, now in their hands, will have lost a portion of its exchangeable value, not only with respect to currency, but also with respect to commodities.

The real wealth, therefore, and the real power of purchasing, possessed by the land proprietor and farmer, will have sustained considerable diminution. The home market, which is always the nearest, the most secure, and the most extensive, and

which, for the smith, the carpenter, the bricklayer, the mason, and the entire classes of artificers and manufacturers, who work upon the coarser household articles which admit not a profitable exportation, is the only market, would be narrowed, in a much greater degree than the foreign market could be extended. Hence manufacturing and trading capital would be thrown out of employ; and, either directly, or indirectly, every branch of industry, throughout the kingdom, would receive injury from the rash and injudicious attempt to introduce theoretic perfection into our commercial system.

The check thus given to industry, and the derangement occasioned in property, would considerably affect the public revenue. That the power to support taxation, consists in the possession of wealth; and that as capital is exposed to waste; as labour is thrown from the employments in which use had heightened its productive powers; and as the revenue of lands, and the profits of stock, decay, the sources of financial prosperity dry up, are propositions too evident to require illustration. Inasmuch as a sudden removal of the restraints which had existed on the importation of corn, deranged

the established course of industry, and checked prosperity and wealth, it would, by a direct operation, render the taxes less productive. This operation, obvious, and incontrovertible, it would be superfluous to dwell upon; but precipitate adoption of perfect liberty in the external corn trade, would have also an indirect effect upon the revenue, and lead to financial results, which, not lying so near the surface, it may be necessary to lay open, and examine.

When corn can be brought from abroad, at a less expense of labour and capital, than it can be raised at home, the removal of restraints upon importation, necessarily reduces its price. Now we have seen, that a reduced price of corn gradually communicates itself to labour (of which, indeed, bread may be considered as a tool, or implement, necessary to the performance of work); and, through labour, by the same gradual progress, to every article, which labour either manufactures at home, or purchases, with the fruit of its exertions, from abroad. A fall in the price of all commodities is the same thing as a rise in the value of currency. But taxes are estimated and paid in cur-

rency; and any changes, which its value may undergo, cannot fail to have an important effect upon the revenue.

All duties laid on *ad valorem*, must diminish in amount as the value of money rises. A quantity of merchandise worth a thousand pounds, will, from an *ad valorem* duty of ten per cent. produce an hundred pounds, while, if, in consequence of the rise in the value of money, this merchandise became equivalent to no more than nine hundred pounds, this *ad valorem* duty would return into the treasury only ninety. The principle operates with respect to all taxes laid upon income. Supposing real wealth to remain unchanged, a rise in the value of currency is the same thing as a fall in the amount of all money incomes; and, as the amount of income fails, of course the per centage laid upon it fails also.

The average price of wheat, by the Winchester measure, was, during the nine years preceding 1814, an hundred shillings the quarter. Now, supposing a free importation to reduce, in future, the average price of wheat to fifty shillings the quarter; and even assuming that, while the price

of corn fell one-half, the price of other things would only fall a fourth; then, the computed amount of all incomes would be reduced one-fourth, and a property tax which might formerly have produced fourteen millions, would yield but ten millions and a half.

In thus illustrating the manner in which a sudden opening of the ports to foreign corn, would, in a country where restrictions had induced an artificial scale of prices, occasion a reduction in the public revenue, I have supposed that the real wealth of the community remained unchanged. This, as we have already seen, could not be the case. Labour thrown out of employment, capital wasted, the revenue of land diminished, and the profits of stock lowered—these would, in the first instance, be the inevitable results of receiving, from the foreign grower, any considerable portion of the grain, which domestic agriculture had formerly supplied. Not only computed income, but real wealth, would be reduced; not only would any given quantity of commodities, or of property, yield, in proportion to its fall in money value, a diminished sum, as *ad valorem* and income taxes,

to the treasury; but commodities and property would be themselves reduced; a part of the real wealth, on which taxation fell, would have ceased to exist; and the revenue of the state would be impaired from a double cause.

It may be objected, perhaps, that the revenue would not receive this two-fold injury, because, though the finances might fail in proportion to the loss of wealth, yet the change in the currency could not be attended with any loss to the state; the increased value of money, exactly counterbalancing the nominal reduction it occasioned in the sums paid into the treasury; and, as far as the circulating medium was concerned, leaving the real power of the revenue exactly as before.

The answer is obvious. Though the increased value of money should counterbalance, with respect to all new contracts and expenditure, the diminution it occasioned in the amount of *ad valorem* duties, yet, in making good all old engagements, the case would be widely different. The dividend of the public creditor, the pay of the soldier and sailor, cannot be reduced in amount, as money may rise in value. When government comes into the

market, the diminution in the computed revenue (as far as it may have been occasioned by a change in the currency, and not by a loss of wealth) will be compensated by the increased power of what remains; but, when fixed salaries, and sums stipulated and determined, are to be paid, the increased value of the money which the taxes bring in, forms no counterpoise against diminutions in its amount. In all such transactions, a diminution in the nominal amount is, whatever may be the worth of currency in the market, a reduction in the real power of the revenue.

But while the increased value of money could not, in providing for the interest of the public debt, or in paying the military and civil servants of the state, afford the government any compensation for the diminution occasioned in the amount of revenue, it would, with respect to all taxes laid on, not *ad valorem*, but by weight, tale, and measurement, add to the burthens of the people. If the equivalency of the currency, with respect to commodities, has risen one-fourth, and I continue to pay, on the commodities I consume, the same

amount of duties as before, then, in fact, five and twenty per cent. has been added to my taxes.

To resume our former illustration:—Supposing, that a free admission of foreign grain reduces the average price of wheat from an hundred to fifty shillings a quarter; and assuming that this fall of one-half in corn, produces a fall of one-fourth in other commodities; or, what is the same thing, a rise of one-fourth in the value of money; then, the effect of opening the ports would be, to add a fourth to all taxes laid on by tale, weight, or measurement. And while this great additional pressure fell upon the country, government would derive no aid from it, either in paying the annuities of its civil and military servants, or in providing for the dividends of the public creditor.

In any country, where the price of corn has been forced above the level price of the neighbouring growing countries, a sudden removal of restrictions on importation will throw inferior lands out of cultivation, and occasion a waste of capital, and a reduction in the productiveness of labour, in a degree proportional to the fall, which may be given

to the value of corn: and, proportional to the effect which the price of corn has, upon the value of money, will be the deficiency occasioned in some branches of the revenue, and the increased pressure communicated to others.

These proportions must, of course, be liable to perpetual variation, according as the expense of carriage may prevent the price of corn from being equalized throughout commercial countries; and according as bread may be necessary to the subsistence of labour. In the foregoing reasonings, we have assumed *data*, not with a view to their absolute correctness, but for the sake of illustration; and, in order to unfold the general nature, rather than, under any local circumstances, the particular and precise extent of the operation, of a sudden fall in the price of corn upon wealth and revenue. Though we were perpetually to vary the *data*, the principle would remain unchanged. Though corn might not fall to one-half the average price of the nine years preceding the peace; and though, in consequence, the price of commodities should not be lowered; or, what is the same thing, the value of money raised one-fourth; yet,

in whatever proportion the unrestrained introduction of foreign corn might reduce prices and elevate currency, according to that proportion, would be the evil, whether with respect to labour, wealth, or revenue, inflicted by suddenly applying a principle of theoretic perfection to the external trade in corn.

In considering the evils, which would be inflicted by suddenly applying the principle of free external trade, to the particular case of a country, in which restrictions upon the introduction of foreign grain, have produced an artificial scale of prices, and given a forced extension to tillage, we must not forget that these evils would be only temporary. The instant the derangement was effected, the rectifying process would commence. As soon as lands, requiring a great expense of dressing, were thrown out, and rents on the superior farms were reduced, less capital would be required to raise a given quantity of corn. But, when a less quantity of capital raises the same quantity of corn, then the natural price of corn is low. Now, as has already been shewn, a low natural price of corn lowers the natural price of every article which the

consumers of corn prepare. Corn is as a tool, or implement, necessary to the performance of labour; and a reduction in its price is a reduction in the price of labour also. Thus, then, as soon as opening the ports to foreign grain should have thrown inferior lands out of cultivation, and reduced the rent of better farms, natural prices would be universally lowered; or, in other words, the productive powers of industry would be universally increased.

This rectifying process would not be slow. As reduced natural prices increased the power of capital, as subsistence, labour, and every article necessary to cultivation, could be obtained at a cheaper rate, land would begin to recover a higher relative value, and, the diminished expenses of production compensating for the fall in the markets, tracts, which, antecedently to this reduction of expense in cultivation, had been thrown out, could now be profitably restored to tillage. Hence the revenue of the land proprietor would recover itself; and though the increased value of money could not, in paying off mortgages, or in making good pecuniary engagements previously entered into, afford him any compensation for the dimi-

nished sum received; yet, it would tell in meeting all new expenses, and in affording to the manufacturer and merchant renewed demand.

The merchant and manufacturer, with the productive powers of their capitals increased, with home demand enlarging, and with foreign sales extending in proportion as natural prices had been reduced, would rapidly advance in wealth. Stock would now begin to accumulate beyond what could be profitably employed in working up raw materials, and in carrying on foreign intercourse, and, consequently, by overflowing upon the soil, would bestow on land a heightened relative value. The low rate of interest, aided by the great natural protection afforded by the expense of carriage upon a commodity so bulky as corn, would extend cultivation over districts the most unpromising.—Commerce and agriculture have a reciprocal action, and a direct injury or benefit, inflicted or bestowed, on the one, is an indirect benefit or injury, bestowed or inflicted, on the other.

While from the reciprocal action between the different departments of industry, and from labour and capital receiving every where their most benefi-

cial direction, the wealth of the country was thus increased, all the branches of the public revenue would improve. The nominal deficiency, which the rise in the value of money had occasioned, in *ad valorem* duties, would now be made good, in consequence of the diminished sums arising from such duties being paid upon a greater number of commodities; and thus, in discharging fixed salaries, and in providing for the dividends of stockholders, the powers of the revenue would be restored.

The increasing wealth of the country, too, would enable the public to bear, with less inconvenience, the increased pressure, which the rise in the value of money had given to all taxes laid on by tale, weight, and measurement; and, while the greater number of commodities, on which such taxes would then be paid, would swell the amount of revenue, any given portion of it, in consequence of the rise in the value of money, would, with respect to all new expenditure, have attained a higher power. The finances, from a double cause, would be improved. When an artificial scale of prices has been induced, a sudden opening of the ports would, after a temporary infliction of suffering

and embarrassment, place a country in a much more flourishing condition than she could have attained, by a continuance of restrictions upon external trade.

This infliction of suffering and embarrassment, however, might be easily obviated. In a country where restrictions on the importation of foreign grain, have induced an artificial scale of prices, and given a forced extension to tillage, the temporary evils inflicted by a sudden, would be completely obviated by a gradual, opening of the ports. Duties upon importation, progressively diminishing, from year to year, until, after a given period, and when their amount had become very low, perfect freedom of intercourse should be introduced, would, without any injury to labour, capital, or revenue, but, on the contrary, with progressive benefit to them all, allow industry to take its most profitable direction; and, without communicating a shock to any class of individuals, would advance the state to a degree of prosperity and affluence unattainable under a system of restraint.

These duties, laid on at first sufficiently high to prevent any immediate diminution of tillage, and

reduced so gradually, that the demand for agricultural labourers could not diminish faster than disease and death cut off the present supply, would allow the youth of the rising generation to turn themselves to more advantageous employments, before the land, too inferior in quality to be kept in cultivation by the natural protection afforded by the expense of carriage, should be thrown out by the competition of the foreign grower. Thus, then, a cautious and progressive introduction of the principle of a free external trade in corn, would, with respect to the labourers who had been induced, by the forced encouragement given to agriculture, to devote themselves to husbandry, obviate, in the most perfect manner, the evils to be apprehended from a sudden opening of the ports; and, while the rising youth betook themselves to the more profitable paths of industry, opened by unfettered commerce, not an individual, losing the benefit of his acquired skill and moral capital, would, with reduced productive powers, be driven out in quest of new employment.

With respect to the stock, too, which obstructed intercourse might have forced from its natural di-

rection, and vested in inferior lands, a gradual opening of the ports would have the same saving influence. A protection granted to the home grower, for a period equal to the average length which leases had to run, would enable him to gain the ordinary return on whatever capital he might, under existing leases, have expended in the extension of tillage; while the foreknowledge that protecting duties were gradually to decline, and finally to cease, would effectually prevent future investments of capital, upon lands so inferior as to be unable, at the level prices of unrestricted intercourse, to pay the expenses of cultivation.

In consequence of this temporary protection, too, landlords would not be compelled to come to any compromise with their tenantry, nor to make abatements in the stipulated rents. On leases falling in, indeed, and grounds coming to be re-let, the knowledge that all artificial and forced protection was about to cease, would cause the farmer to engage for a less heavy rent, and would effect a diminution in the land proprietor's income. This diminution, however, would, to a certain extent, be nominal; and the increased power of the cur-

rency would partly indemnify him for the smaller sum received. Such partial indemnity would be all that he could in equity expect, or that, on the principle of fair and equal dealing, could be his due. To maintain the price of corn in a state of artificial elevation, merely for the purpose of enhancing the income of land proprietors, would be a measure of intolerable injustice. No land proprietor, capable of comprehending the principles, that a high natural price of corn lowers, universally, the productive powers of industry; and that, when the value of the produce of the land is too high to admit, until the markets have sustained an extraordinary fall, the superfluity of abundant years to be exported to other countries, the price of bread is ruinously fluctuating,—no proprietor who had an understanding to receive these principles, could, consistently with the common feelings of humanity, ask for a continuance of restrictions.

A cautious and gradual application of the principle of free external trade in corn, would also completely obviate the financial derangement which a rash and sudden opening of the ports might occasion. In the first place, a temporary

and gradually diminishing protection, offered to the home grower, would throw no labour out of employment, would occasion no waste of capital, and no reduction in that general opulence, in which the sources of public revenue are found. In the next place, as the fall in the price of corn, and gradually through corn, in that of all other things, could not begin to take place, until industry had begun slowly, and without loss, to revert to its most productive channels, the amount of all *ad valorem* duties would be sustained, in consequence of the smaller sum being paid on a greater number of commodities. But as *ad valorem* duties (the only ones that could be diminished in amount by a fall in prices) would be thus sustained; and as the revenue derived from taxes laid on by weight, tale, and measurement, would be increased with the increasing wealth, while, with the rising value of currency, any given portion of it would acquire a higher power than before; the gradual adoption of a system of freedom in the external trade, would completely obviate the financial defalcation which a sudden admission of foreign grain, and fall of prices, might induce.

And now to conclude the chapter. An artificial scale of prices, and a forced extension given to tillage, are, both with respect to the progress of opulence, and to the supply of subsistence, highly injurious to a country; the increased expense of labour and capital, which they render necessary to the production of corn, at once lowering the productive powers of industry, and, by rendering it impossible to export superfluity, until the markets have sustained an extraordinary fall, exposing the consumer to suffer from perpetual fluctuation in the price of bread. But a sudden fall from the artificial scale of prices, and the withdrawing of capital from such land as could not, at the level price of a free external trade, repay the expenses of cultivation, would be a great, though only a temporary, aggravation of the mischief, throwing labour out of employ, occasioning a destruction of stock, and effecting a great falling off in the revenue, while it increased the pressure of the taxes. A circumspect and gradual adoption of more enlightened principles into our commercial system, would, however, completely obviate the evils of incautious change; would not diminish the demand for agricultural

labour, more rapidly than natural causes diminished the supply; would allow the capital, which had been forced upon inferior lands, time to work out an adequate return; would sustain the amount of *ad valorem* duties, by causing the smaller sums to be paid on a greater number of commodities; would at once occasion a numerical increase in the revenue derived from other taxes, and add to the power of the medium in which it was paid; and, without inflicting injury on any class of the community, would open to the country sources of prosperity, unattainable under a state of restricted commerce.

The conclusion from the whole, is, that to the particular case of a country, in which obstructions on the importation of foreign grain, have induced an artificial scale of prices, and given a forced extension to tillage, the general principles of a free external trade in corn, are stictly applicable; but that, in order to obviate the individual suffering, and temporary embarrassment, which a sudden change in the direction of industry could not fail to occasion, their application, under such circumstances, should be gradual.

Part the Third.

THE APPLICATION OF THE PRINCIPLES OF THE EXTERNAL CORN TRADE, TO THE ACTUAL CIRCUMSTANCES OF THESE COUNTRIES.

CHAP. I.

The Effects which a System of Restraints upon the Importation of foreign Corn would produce; I. on the Supply of Subsistence; II. on Agriculture; III. on Commerce; and IV. on Revenue.

HAVING, in the two former parts of this work, endeavoured to unfold the principles of political economy, as they respect the external trade in corn, and also to examine the limitations to which they are liable, under the particular circumstances of restrictions imposed on other branches of commerce, of taxes increasing the expense of production beyond what it is in other countries, and of the actual existence of restrictions upon the importation of

grain, occasioning an artificial scale of prices, and a forced extension of agriculture; we are now to consider the effects which, in the present circumstances of this country, would be produced; first, by prohibitory duties on the introduction of foreign grain; and, secondly, by adopting, with a due regard to the indemnification of those, who may have been induced to embark in agriculture, an unrestricted external trade in the produce of the soil. A comparison of these effects will immediately lead us to an accurate conclusion respecting the measures which, in revising the corn laws, it would be expedient for the legislature to adopt. With this comparison and conclusion, therefore, the present volume shall terminate.

In the present chapter, it is intended to examine the effects which prohibitory duties on the importation of foreign corn would produce upon the supply of subsistence, upon the agriculture, upon the wealth and commerce, and upon the finances, of the country. Of these in their order.

I. The Select Committee of the House of Commons, appointed to enquire into the corn trade of the United Kingdom, after having examined into

the means which these countries possess, of growing more corn, came to the conclusion, that they are able to produce as much more, in addition to what they already grow, as would relieve them from the necessity of continuing in any degree dependent for a supply, on foreign countries. This is also stated in the fullest manner, by the evidence given before the Lords' Committees. All the witnesses who were examined upon the state of the agriculture of the United Kingdom, concurred in representing, that, by a liberal application of capital, the produce of the soil might be increased to a vast extent. Respecting, therefore, the capacity of the soil of these countries, to raise subsistence, not only for our actual, but for a greatly extended population, there can exist no doubt. A farther application of capital is all that is required, to develop this capacity. For the last half century, England has not grown her own supply of corn, but has been an importing, and not, as formerly, an exporting country; because, in manufactures and commerce, capital found a more profitable occupation, than in the cultivation of inferior soils. But if the importation of foreign corn were restricted, the demand for corn of our own growth would be so in-

creased, and its price so raised, that capital would no longer find its most beneficial occupation in manufactures and commerce, but would be attracted, by the prospect of larger returns, to the soil. This is what actually has occurred. The war, and the enemies' decrees against commerce, increased, so enormously, the amount of freight, insurance, and shipping charges, that foreign corn was almost prohibited. The consequences were, that the price of grain rose to an unprecedented height; that capital was drawn abundantly to the soil; that, as appears by the evidence given before the Lords' Committees, lands were brought into cultivation, that could not otherwise have been tilled; that, as the Custom House books set forth, the United Kingdom grew its own supply; and that the exportation exceeded the importation of corn. Similar causes will ever produce similar effects. If the legislature should replace, by high protecting duties, those obstructions to the introduction of foreign grain which the peace has removed, the present improved and extended state of tillage will not only, while the effectual demand for corn remains undiminished, be sustained, but, with every increase effected in demand and in capital,

tracts will be brought in, which have hitherto been inadequate to repay the expenses of cultivation, and the country continue to raise an independent supply of corn for her increasing population.

But it must be remembered that the growing demand for corn, and the more liberal application of capital, both of which are necessary to a farther development of the capacities of the soil, and to raising an independent supply for increasing population, would, in a little time, be effectually checked by restricted importation. As has been already fully explained, restrictions for the purpose of forcing inferior lands into cultivation, would diminish wealth, and prevent that accumulation of stock, without which the improvement and extension of tillage cannot be effected. Hence, whatever the absolute capacities of the soil may be, restricted importation would speedily deprive us of the power of raising an independent supply for increasing population. Nay, as our wealth and capital decayed, it would be found impracticable to retain in cultivation many of the inferior soils already under the plough, and we should be unable to raise an independent supply even for our present numbers. If, however, the means of subsistence cannot be raised

to the level of population, population must sink to the level of subsistence; and, under the supposition that the country is to be gradually depopulated, restricted importation may occasion independent supply.

While we admit, then, that under restricted importation, an independent supply might, for some time, be obtained for our existing, nay, even perhaps for an increasing population, we cannot admit that this supply could be kept up; or, as is stated in the Report of the Commons' Committee, that we should become permanently independent of foreign countries for a supply equal to our existing, much less to an increasing population. We will now proceed to inquire into the effect which a forced independent supply would, while it lasted, produce on prices.

In the Report of the Select Committee of the House of Commons, on the corn trade of the United Kingdom, plenty and low prices are represented as connected with a system of restricted importation; and Sir Henry Parnell, the chairman of that Committee, states,* that the measure of very high pro-

* Sir H. Parnell's Observations on the Corn Laws, p. 43.

tecting duties, which it recommends, would render our prices gradually lower, and lower, until we should become an exporting country, and be enabled to sell corn as cheap as it can be sold in the foreign markets.

Representations more contrary to experience, more repugnant to principle, were, perhaps, never before exhibited. In the first place, more contrary to experience. The persons best acquainted with the state of agriculture throughout the country, have given it in evidence before the Lords' Committee, that, to give the farmer, while his present expenses continue, a reasonable profit upon capital, wheat must be at least eighty shillings the quarter; and that, if prices fall below this, inferior lands, even should they pay no rent, could not be profitably tilled. Now, taking the facts as stated by the very able and experienced Secretary of the Board of Agriculture, by Mr Bennet, Mr. Wakefield, Mr. Buxton, and several others, who gave evidence before the Lords, the statement of the Commons' Committee, as well as that of its chairman, in his published pamphlet, must be completely erroneous. If we prevent importation, and raise

an independent supply, our average prices will be just sufficient to afford the cultivator the customary rate of profit upon his stock; and if, from expenses incident on tillage, or from the inferior quality of the lands employed in growing corn, our remunerating price be eighty shillings the quarter, it must be equally impossible either to lower the home market, or to meet the competition of the foreign.

The assertions respecting the influence of restricted importation, in reducing prices, are as repugnant to the principles of political economy, as they are contrary to the facts and documents laid before the Lords' Committee. The assertions involve a fundamental error, arising from a total forgetfulness of the connection between natural and market price. While the former remains unabated, permanently to reduce the latter, is impossible. Unless restrictions upon importation could reduce rents, and diminish the quantity of labour and capital necessary to the production of a given quantity of corn, they could not possibly effect a permanent reduction in our markets. But, instead of reducing rent and diminishing the quantity of la-

bour and capital necessary to production, they would have a diametrically opposite effect. In cutting off the foreign supply, they would, in order to meet the growing demand for corn, and to feed our increasing population, force into cultivation, lands which could not, under free competition, be profitably tilled. But, as such lands afforded the cultivator an adequate profit, better soils would afford a higher rent. Hence, the quantity of labour, of capital, and of rent, which the farmer paid for production, would be increased; or, in other words, all the component parts of the natural price of corn would be raised. In this rise, the average price of the markets would necessarily partake. Sir Henry Parnell seems to have forgotten, that England has not, like the continent of America, vast tracts of first-rate and unoccupied land, from which, at a moderate expense, abundant crops may be produced; and seems not to be aware, that the capital, which artificial prices might force upon the soil, could be retained there, only while the continuance of such prices should secure to it the ordinary rate of profit. If, tempted by the very high prices at first occasioned by cutting off foreign sup-

ply, the agriculturalist should be led into the error of overtrading, and produce a supply beyond the demand, then, indeed, the market, would sink below the natural, price. But the slightest knowledge of political economy is sufficient to convince us, that such a state of things cannot last. If there be, in the whole compass of this science, a principle universally admitted, and completely incontrovertible, it is, that demand regulates supply; and that no article can be permanently brought to market, except at a price sufficient to replace, with an adequate profit, the expenses of its production. To increase the expenses of production, by forcing inferior lands into cultivation, and, at the same time, to lower the markets, is evidently impossible. Forced cultivation can be induced, and continued, only by excessive prices. The evidence given before the Lords' Committee, shews that our inferior lands must be thrown out of tillage, if prices remain below eighty shillings the quarter for wheat. If, therefore, restrictions on the importation of corn could have the effect of lowering prices, they would diminish cultivation, not extend it; and would counteract the object they were meant to attain.

The supposition that forced cultivation leads to reduced prices, involves a palpable contradiction: they are incompatible; they are mutually destructive of each other.

The evidence given before the Lords' Committee, proves that the farmer cannot, even with some abatement of his present rent and expenses, obtain an adequate remuneration, unless the price of wheat be eighty shillings the quarter. If, therefore, importation be restricted, and the country made to grow an independent supply, eighty shillings will, for a time, be the average price of wheat; for should it fall below this, cultivation would cease, and the supply diminish, until the value of corn again became sufficient to afford the farmer the customary profit upon his stock. However, if our population should continue at its present rate of increase, the average price of wheat, if we grow our supply, will perpetually rise above eighty shillings. By the registers of the Population Acts, it appears, that from 1803 to 1812, upwards of a million was added to the population. This ratio of increase will give us, each year, above 100,000 additional mouths to feed;

and if such annual additions are to be fed from our own soil, lands which had formerly been inadequate to repay the expenses of cultivation, must annually be brought in. But, in proportion as we extend cultivation over lands of an inferior quality, the remunerating, or natural price of corn will rise. The necessary consequence must be, a progressive rise in the markets, until the consumer's power of purchasing is exhausted, and the progress of population checked.

The Report of the Commons' Committee, and the pamphlet of their chairman, represent restriction upon import, and independent supply, as the means of rendering the price of corn steady, as well as low. Nothing can be more contrary to the principles of economical science. In whatever proportion we limit the territory from which we derive subsistence, in the same proportion do we expose ourselves to the uncertainty of the seasons, and deprive ourselves of the benefit of the provision which, in the uniformity of her general results, Nature has made for the correction of partial irregularity in her operations. If we restrict importation, and, in order to raise an independent

supply of food for our increasing population, force into tillage lands which have not hitherto been adequate to repay the charges of cultivation, then, the expenses of production will be increased, and the average price of wheat will rise considerably above eighty shillings the quarter, the remunerating price at present. Now, while our prices, under a system of restriction, would be upwards of eighty shillings, wheat, by Sir Henry Parnell's own shewing, may be usually obtained at Dantzic for thirty-two shillings. How, then, in abundant years, could our superfluity be exported, so as to meet the competition of the continental grower? Our markets must be completely glutted, must fall, at the very least, to half their average, before our produce could begin to be sent abroad with a profit. A forced independent supply, therefore, instead of giving steadiness to prices, would cause them to fluctuate perpetually, between eighty shillings the quarter, the average price, and forty shillings, the highest price at which, in abundant years, we could export, with a chance of standing the competition of the continental grower. But farther, if we would grow an

independent supply, our average prices, unless the increase of population should be interdicted, will soon rise beyond eighty shillings the quarter; and foreign corn must be farther excluded, until prices have risen beyond this increased and increasing average. Therefore, the fluctuation between the high price of scarce years, when we admitted importation, and the low price of abundant years, when exportation became profitable, would be much greater than that which we have stated. Before superfluity could be removed, our markets would probably fall two-thirds below the rate of average seasons. Taking the Dantzic prices at thirty-two shillings, and even allowing eight shillings the quarter, on account of our being nearer to the markets of Southern Europe, it is evident that our produce could not meet the competition of the Polish grower, until it fell to forty shillings the quarter for wheat. Between forty shillings, therefore, and that price at which importation might be admitted in deficient years, our markets, if we raised an independent supply for average years, would be perpetually fluctuating. As an independent supply would not come naturally, but

would require prohibitory duties, in order to force it from lands which, under a system of free intercourse, could not be profitably cultivated, it is not in the nature of things, that such supply should be either cheap or steady. Nature, as if to promote union and brotherhood among the nations of the world, has, in the important point of a certain and steady supply of food, rendered each dependent upon all; and, in proportion as we narrow our intercourse, causes the irregularity of the seasons to be more severely felt.

II. From the reasonings of the present, as well as of former chapters, it must already be apparent to the reader, that if, under the present circumstances of this country, the legislature were to replace, by high protecting duties, the obstacles to importation which the peace has removed, the immediate consequence would be, an improvement and extension of agriculture. But this does not rest on reasoning alone; it has received the fullest sanction of experience. During the ten years from 1803 to 1812, while the war threw increasing difficulties in the way of importation, we received

from abroad, nearly 400,000 quarters of corn less than had been received during the preceding ten years; though, in the former period, the population increased upwards of a million. Under the obstacles to importation created by the war, the agriculture of Great Britain must, therefore, in a period of ten years, have received a most extraordinary increase. The dependence on foreign supply diminished, while subsistence was created for a great additional population. Similar causes will produce similar effects. The evidence contained in the Reports of the Committees ordered to sit upon the Corn Trade of the United Kingdom, establishes the fact, that a liberal application of capital is all that is required to effect a great improvement in the tillage of these countries. If the legislature should replace, by high protecting duties, the obstructions to importation, which the peace has removed, then, while capital and population continue to increase, cultivation will extend; and tracts, which have hitherto been neglected, because incapable, under existing prices, of yielding the capitalist an adequate return, will be progressively enclosed and prepared for corn.

Duties upon the importation of foreign corn, while they continued to raise prices, and to extend cultivation, would, by a necessary operation, increase the revenue of land proprietors. The great rise in rents, which took place from the period when the war began to create obstructions to the introduction of foreign grain, proves this experimentally. The demonstration from theory is obvious. As corn rises in price, inferior lands, which could not before repay the expense of tillage, yield the cultivator the customary rate of profit upon his stock. Now, as inferior lands yield the customary rate of profit, superior lands will, under the original leases granted before the elevation of the markets, yield more than the ordinary profit. As soon, therefore, as such lands come to be re-let, the competition of capitalists will necessarily raise the rent of the proprietor, until nothing remains to the cultivator, beyond the customary rate of wages and of profit upon the labour and capital which he employs. Competition perpetually tends to equalize the rate of profit upon stock; and whatever enables inferior lands to be cultivated, necessarily increases the

rent due from the superior. During the term of existing leases, indeed, the increased value added to land will belong to the tenant, but on the re-letting of farms, it will go to augment the revenue of the proprietor.

Restrictions upon the importation of foreign corn, increasing the profits of the farmer, during the term of existing leases, and, at the period of their expiration, raising the rent of the landlord, would undoubtedly confer, in its immediate operations, an important benefit upon the landed interests. But the landed interests, even upon the principle of the narrowest selfishness, should look beyond the immediate effects of restricted importation, and should inquire, whether the benefit to be derived from establishing an artificial scale of prices, might not carry in itself the seeds of its own destruction? To answer this important question, it is necessary previously to shew, how far restrictions upon importation, and an artificial elevation of the price of agricultural produce, might, under existing circumstances, affect the wealth and commercial prosperity of these countries, and, consequently, the demand for corn.

III. To those who have embraced the opinions of the French economists, it may, perhaps, appear somewhat paradoxical to say, that a measure which should extend agriculture, and increase the value of land, would be injurious to prosperity, and diminish wealth: yet such would certainly be the case. Even upon the principles of those, who assert that agriculture is the only source of wealth, it is demonstrable, that the general opulence of these countries would be diminished by a restriction upon importation, forcing our inferior lands into tillage; and that, by the operation of such a measure, the national prosperity would be checked, in the exact proportion in which agriculture should be extended. Though it should be conceded, that agriculture is the only source of wealth, yet it would still remain an incontrovertible proposition, that opulence is advanced by obtaining agricultural produce, at the smallest possible expense of labour and capital. If, in consequence of our skill in manufactures, any given portion of our labour and capital can, by working up cloth, obtain from Poland a thousand quarters of wheat, while it could raise, from our own soil, only nine

hundred; then, even on the agricultural theory, we must increase our wealth by being, to this extent, a manufacturing, rather than an agricultural people. Though the economist should establish the fact, that our manufactures brought none of this wealth into existence, but that the whole was created by the cultivator of Poland, yet this would not, in any way, alter the state of the case. We have an hundred quarters of corn more than we could have obtained by raising it from our own soil. Though our manufacturers should not have increased the wealth of the world, yet they have increased the particular wealth of England. They have given us a species of property in the soil of Poland; and, from the agriculture of that country, have enabled us to draw a larger supply of wealth, than could have been raised at home. The theory of the economists is, indeed, in a high degree, incorrect; but it is not necessary that we should, in this place, enter into any formal refutation of their errors; because, even admitting their principles, it still remains true, that restrictions upon importation, compelling us to raise at home a less quantity of agricultural produce than might,

at the same expense of labour and capital, be procured from abroad, would be, notwithstanding the extension given to tillage, injurious to the wealth of the country.

Having disposed of this preliminary objection, which might suggest itself to those who still lean to the doctrines of the economists; and shewn that, even on the principle, that agriculture is the only source of wealth, a measure which gives extension to tillage, and raises the value of our land, may, notwithstanding, cause our labour and capital to procure for us a less supply of agricultural productions, and diminish the general opulence of the country; we may now proceed to examine more in detail, the effects which, if the legislature should establish a system of restriction on the importation of foreign corn, would be produced on the productive powers of industry, and on the national prosperity. We shall examine a system of restriction; first, as it operates upon the labour and capital employed upon the soil; and then, as it operates upon the labour and capital employed on manufactures and commerce.

Were legislative restrictions to replace those

obstructions to importation which the peace has removed, it would, in order to feed our increasing population, become necessary to bring into tillage lands which, under the prices that have hitherto existed, have been found inadequate to repay the expense of tillage. The natural price of corn would, therefore, receive a considerable, and a progressive, increase; or, in other words, it would gradually require greater quantities of labour and capital, to procure a given quantity of grain. This would hold good with respect to the best, as well as with respect to the worst land; for, as has been already explained, the increasing rent of the former, would necessarily prevent its produce from being afforded at a cheaper rate than the produce of the latter. Now, as the natural price of corn increased; as it required greater quantities of labour and capital, to procure a given quantity of grain, it is self-evident, that the productive powers of the industry which supplied agricultural produce, would be lowered, and that wealth and prosperity would decline. Every forced extension given to tillage, which, in its progress, elevates the component parts of natural price; which raises the rent

of land, or increases the quantity of labour and capital on which, in order to procure a given quantity of commodities, wages and profit must be paid, would, in fact, inflict an artificial sterility upon the country, and take from us the advantages bestowed by nature.

Secondly, that restrictions upon importation, compelling us to direct a greater portion of our labour and capital to procuring food, would leave us a less portion of labour and capital to carry on the operations of manufacture and commerce, is also self-evident. But this would be a very small part of the injury which restricted importation, and the consequent high price of corn, would inflict upon the manufacturing and commercial interests. Commerce being an interchange of equivalents, as we refused to import, we should find it impossible to export; and should deprive ourselves of the demand of the foreign markets. Sir Henry Parnell has said, that this loss of the foreign, would be compensated by the extension of the home, market. A greater error we cannot conceive. A restricted importation, giving forced encouragement to domestic agriculture, would necessarily increase the

value of corn with respect to other things; and it is self-evident, that, as consumers gave more for their corn, they would have less to give for other articles. Thus, a restriction upon the importation of corn, while it tended to exclude our merchants from the foreign, would narrow the home, market; and, by a double operation, would check our manufacturing and commercial prosperity. But this is not all. The rise which restricted importation would occasion in the natural price of corn, would be communicated to labour, and, through labour, to all wrought goods. Now, the high natural price, thus communicated to wrought goods, would not only be the same thing as a reduction in the productive powers of manufacturing industry, but would enable foreigners to undersell us, and would reduce our manufacturing population to the alternative of emigrating, or of starving.

This view of the question is awfully important. England has become the greatest manufacturing country that ever yet existed; and if, while tranquillity and commerce are restored to the continent, we keep up the price of provisions at home, the foreigner, gradually acquiring capital and skill,

will certainly be enabled to undersell us. What, then, is to become of our unemployed manufacturing population; and how are we prepared to meet the tremendous vengeance they would take for the infliction of artificial famine? Yet, on this most momentous view of the question, the advocates of an independent supply of corn, perversely close their eyes. Contrary to all sound theory, and in direct opposition to experience, those who would make provisions dear, contend, that the price of corn has no influence on wages; and cannot, therefore, increase the price of wrought goods, or give the foreign any advantage over the home manufacturer. The error here involved has been already pointed out, in the chapter where we considered the natural and the market price of labour; but it may in this place be necessary to remark upon the evidence which, with respect to the connection between the price of grain and the wages of labour, was given before the Lords' Committee.

Lord Lauderdale, after having stated to the Committee his strong opinion, that the price of labour, like the price of every other commodity, was solely regulated by the proportion between the

quantity of it, and the demand for it; and having given in a statement to shew, that, in years when corn was very dear, manufacturing labour was very cheap, proceeded with the following reasoning.

"In dear years, a working manufacturer, finding himself deprived of his usual enjoyments, is naturally excited to greater industry, and is desirous of working extra hours, for the purpose of obtaining those comforts to which he has been accustomed; and this disposition of the manufacturers must necessarily increase the supply of labour in the market. For example, supposing there existed, in any country, a demand for a thousand manufacturing labourers, who, on an average, worked eight hours a-day, it is obvious that the stock of manufacturing labour, per week, would be 48,000 hours. If, in a dear year, the desire of securing their usual enjoyments induced them to work ten hours a-day, the stock of manufacturing labour would become 60,000 hours per week; and, if the demand for it remained the same, the value of it, on all general principles, must fall. In cheap years, on the other hand, the working manufacturer, finding his family more than supplied by the wages he usually

acquires, is apt either to relax his industry, and to work fewer hours, or to spend the surplus of his wages in an alehouse, which, by disqualifying him for work the next day, produces the same effect; and as the stock of labour must be thereby diminished, an increase in the value of it must follow, upon the supposition that the demand for it remains the same."

In the above passage, Lord Lauderdale has succeeded in placing in a clear light, the obvious and incontrovertible principle, that, with respect to labour, as well as with respect to every thing else, market will occasionally vary from natural price. But this is looking merely on the surface of the question. The prices of the market, however fluctuating and uncertain they may seem, are always, upon the average, determined by the prices of production. Labour, like every thing else, has its production, or natural price. When the labourer fails to obtain this, diminished births, and increased deaths, will speedily cut off the surplus labour which had glutted the market; and, in this manner, restore wages to their natural rate. Lord Lauderdale's statement proves nothing. Indeed,

both his statement, and the argument which accompanies it, are totally foreign to the question at issue. In 1790, when wheat was at £.2 16s. the quarter, it cost 15d to weave an ell of muslin; and in 1812, when wheat was at £.6, the same work was done for 6d.! This shews, that, when provisions are scarce, and commerce at a stand, the market price of corn may rise, while that of labour may fall. But it shews nothing more. Now the question to be decided is, whether, if such a state of things were to continue, the manufacturing population would remain undiminished. If the population should fail, then the value of labour, in consequence of the withdrawing of the supply, would be increased, and the high price of corn would be found, notwithstanding occasional fluctuations, to have a powerful effect in raising wages: but, on the contrary, if under the dear provisions, and low wages, of 1812, our manufacturing population could be kept up, then, indeed, as the supply of labour would not be withdrawn, its value would not rise with the rising price of corn. The question resolves itself into a question of population. As long as abundant subsistence increases,

and deficient subsistence diminishes, the numbers of mankind, and, consequently, the supply of labour, so long will the wages of the labourer (making, of course, allowance for occasional and temporary fluctuations in the market) be regulated by the price of corn.

But it is not necessary to refer to the general principles of political economy, for a refutation of Lord Lauderdale's strong opinion, respecting the influence which the price of grain has upon the price of labour. The whole scope of the evidence given before the Committee of which he was a member, controverts his doctrine, and furnishes an experimental proof, that wages rise with the rising price of subsistence. Mr. Buxton states, in his evidence, that, from the year 1792 to the year 1812, the annual sum which he paid for the labour employed upon his farm, rose from £.274 to £.816, though, in the first years of his lease, he had employed more hands than in the latter; and though, in 1805, he introduced a thrashing machine, which abridged labour to the amount of £.139. During this progressive rise in wages, the quarter of wheat gradually rose from £.2 13s. its

price in 1792, to £.6 8s. its price in 1812. But, to render the experimental proof as complete as evidence can make it, and to shew, by a statement of the fact, how powerfully the price of corn operates upon the price of labour, Mr. Buxton farther states, that, latterly, wages have declined with the fall in corn; and that the farmers "dropped wages, on account of the price of corn coming down." The evidence of Mr. Birkbeck is to the same effect. He states to the Committee, that, within these twenty years, wages have been doubled; and that, in addition to this rise, the labourer, when corn is dear, receives from the parish, a portion of what ought to be paid by the employer. The evidence of the Secretary of the Board of Agriculture is the same. He gives in to the Committee a statement, shewing, that, from 1790 to 1813, while, as appears from other documents, the quarter of wheat rose from £.2 16s. to £.6, the wages of the labour, necessary to cultivate an hundred acres, rose also, from £.85 to £.161. The evidence of Mr. Joyce proves a similar fact, with respect to manufacturing labour; his workmen obtaining double their former earnings.

But there is no necessity for farther authorities, as the facts which Lord Lauderdale has himself stated to the Committee, afford a complete refutation of the opinions he maintains. He says, that "in Scotland, where the poor rates are comparatively trifling, the wages of a day-labourer, during the last century, have, probably, risen in a greater proportion than in England;" that, "at the Union, the peck of oatmeal was 6¾d. and a day's wages 5d.;" while, "at present, oatmeal is worth 1s. 3d. the peck," and the labourer can earn better than "2s. a-day."

Here the rise in wages has been greater than the rise in corn. But no one contends, that the value of subsistence is the exclusive, and the only cause, that can operate upon wages. Education has been much more generally diffused in Scotland, than in any other part of the kingdom; and this, giving force to the prudential check on population, and occasioning the labour market to be more frugally supplied, would co-operate with the high price of corn, in raising wages. Now, when a double cause produces an effect beyond what could be produced by a single one, it is not quite logical to infer, that

the single one produces no effect at all. The circumstance, that, in Scotland, the rise in wages has been greater than the rise in corn, has no conceivable tendency to prove, that this increased price of labour was not, in part, produced by the increased price of subsistence; and leaves us at full liberty to disprove Lord Lauderdale's theory by his Lordship's facts.

Having, in this manner, obviated the objection contained in Lord Lauderdale's evidence before the Lords' Committee; and shewn, that not only all sound general principles, but also the testimony of persons of the greatest practical knowledge, in the economy of the country, establish the fact, that the price of corn influences the rate of wages, we may now resume the consideration of the effects which, in the actual circumstances of this kingdom, restriction on the importation of grain, and the consequent high and increasing price of provisions, would produce on the manufactures and commerce of the country.

In a former chapter, we shewed, that the ease or the difficulty, with which subsistence can be raised, is not only the measure of the productive powers

of agricultural industry, but also governs, in a great degree, the productiveness of the capital vested in trade and manufactures. If the master manufacturer should give to the labouring manufacturers whom he employs, a quantity of the produce of their labour, or, (what is the same thing) of the value of this produce, sufficient to purchase subsistence for their families, population must decay, and the supply of labour diminish, until the competition of employers shall restore its market to a level with its natural price. Hence, when corn forms a part of the subsistence of the labourer, an increase in its natural price, necessarily occasions an increase in the natural price of labour; or, in other words, when it requires a greater quantity of labour to procure subsistence, a greater quantity of labour, or of its produce, must remain with the labourer, as his wages. But, as a greater quantity of his labour, or (what is the same thing) of the produce of his labour, becomes necessary to the subsistence of the labouring manufacturer, and is consumed by him while at work, a smaller quantity of the productions of labour will remain with the employer; and any given quantity of

manufacturing capital will bring to market a less supply of wrought goods than before. Thus it is, that a restriction upon the importation of corn, forcing, in order to feed our increasing population, the cultivation of inferior soils, while, in its first operation, it increased the natural price of corn; or, in other words, rendered a greater quantity of labour and capital necessary to the production of the same quantity of grain, would, in the second place, increase the natural price of every article wrought up by the consumers of corn; or, in other words, lower the productive powers of every species of manufacturing industry.

While restriction upon the importation of corn would thus, in every branch of industry, lower the productive powers of our labour and capital, they would farther, in the present circumstances of these countries, tend to exclude our commodities from every foreign market. Indeed, this, to a certain extent, at least, would be the effect of restriction, even if we had no commercial rivals, eager to supplant us. As nothing can be produced without labour, the wages of labour must form a component part in the natural price of all things; and,

therefore, other things remaining the same, as we increase the value of subsistence, and, consequently, the rate of wages, we must, in whatever proportion wages may enter into natural price, increase the price of all commodities. Now as the price of our commodities increased, our customers, whether at home or abroad, would be able to consume only a diminished quantity of them; and, even though we possessed a monopoly of all the markets of the world, our manufactures and commerce would necessarily decline. But, whatever might have been the case during the late convulsions on the continent, it has now become impossible that we should monopolize the trade of the world; and we can retain our commercial pre-eminence, only by underselling the competitors that are every where ready to start against us. At such a crisis, the adoption of regulations, for the purpose of increasing the price of subsistence, would be little less than madness. If the industrious classes are compelled to purchase their corn at an artificially elevated price, we must speedily cease to be a manufacturing and commercial people.

This conclusion, which seems capable of being

supported by a process of reasoning, self-evident in all its steps, Sir Henry Parnell, in his pamphlet on the Corn Trade, has laboured to overthrow. "The opposition," he asserts, "which has been so generally made, by many in the House of Commons, and by all the bodies of the manufacturers, who have petitioned against the new regulations, upon the assumption, that they will raise the price of corn, and, therefore, the price of manufacturing labour, and that this advance in the price of manufacturing labour will deprive us of our manufacturing superiority over foreign merchants, in the foreign market, though the most loudly set forth, and the most frequently dwelt upon, is, of the whole opposition which has been given to them, the most easily to be controverted."

Now, it must be confessed, that Sir Henry Parnell has adopted a very easy mode of controverting the objection, that a system of restrictions on the importation of grain, would advance the price of subsistence and of labour, and thus tend to deprive us of our advantages in the foreign market. He admits, indeed, for the sake of argument, that the price of corn will be advanced. But then, in pro-

ceeding to the argument, he most conveniently passes over, both the distinction and the connection between the market and the natural price of labour, and throws completely out of sight, the fundamental principles, that there is, in every neighbourhood, an ordinary rate of wages, determined by the climate, and by the habits of living; and that, when the labourer obtains more than this rate, population, and the supply of labour, increase; and, when he obtains less, population, and the supply of labour, diminish; until, in either case, the market is brought to a level with the natural price of labour. The bare statement of these principles is sufficient to set aside all that can be advanced by such political economists, as confine their consideration to the market rate of wages; and would persuade us, that labour can be procured at a cheaper rate than is sufficient to maintain the labourer's family. We shall proceed to the next step of the argument, and consider, for a moment, the manner in which Sir Henry Parnell obviates the objection, that a high rate of wages would expose our manufacturers to be undersold in the foreign market.

"If it were true," Sir Henry Parnell continues, "that the price of labour did advance with the price of corn, it by no means follows, that such an advance in the price of labour would expose our manufacturers to be undersold in the foreign market; because, it is not the cheapness of labour that has given us the superiority we have so long possessed; on the contrary, the price of labour has always been higher in this country, than in those countries in which we have established markets. The cause of our superiority is to be found in the greater skill, better machinery, and more extended capital, of this country, than exist in any other country in the world. As we should continue to possess these advantages, notwithstanding the price of labour might still be enhanced, such an enhancement of it could not be productive of that injury to our manufactures, as it has been hastily asserted must flow from it."

The error which this passage involves, is very obvious. A farther enhancement of wages might completely counteract all the advantages of our skill, machinery, and capital. Supposing that, in consequence of our skill, capital, and machinery,

a master manufacturer in England can, with an hundred workmen, bring to market a thousand yards of cloth; while, to produce a thousand, of equal goodness, two hundred labourers must be employed in France. Here, then, we possess an immense advantage over our rivals. But supposing, on the other hand, that manufacturing labour in France, could be had for half the price which it brought in England; then, the English employer would be obliged to give, to his hundred workmen, exactly the same sum as the French employer gave to his two hundred; and, as far as the wages of labour might be a component part in the price of the cloth, the article could not be made cheaper in England, than in France. Here, therefore, the advantages, which we gained upon the one hand, we should lose upon the other. The effects of our skill, capital, and machinery, in abridging labour, and cheapening our commodity, would be completely counteracted by the high rate of subsistence and of wages.

In the above illustration, we have supposed, that England is to retain her present decided superiority in skill, capital, and machinery. But

this is manifestly impossible. As industry and commerce revive upon the continent, the manufacturers of France, and of Germany, will gradually acquire capital, and imitate our machinery; and these advantages will lower the price of all their articles. Now, if, while this process is going on, and natural prices are becoming lower, in the rest of Europe, we permanently adopt an economical system, which must raise the wages of our labour, and, consequently, elevate our prices, we shall be playing into the hands of our rivals; and the result will be, that we shall exclude ourselves from every foreign market.

As, in this section, the chain of the argument has been a great deal broken, by entering into an examination of the erroneous doctrines contained in the pamphlet of Sir Henry Parnell, or given in as evidence before the Lords' Committee, it may be proper to recapitulate, in a brief and connected manner, our reasonings upon the effects, which a system of restrictions upon the importation of foreign corn, would produce on the manufactures and commerce of these countries.

A restriction upon importation, compelling us

to provide for our increasing population, by the cultivation of inferior soils, would force us to employ a greater quantity of our labour and capital, than would otherwise be necessary, in procuring our supply of grain; or, in other words, would raise the natural price of corn. But market, though it sometimes rises considerably above, and at other times, falls considerably below, must, upon the average, exactly conform to natural price; or, in other words, the consumer must always, upon the average, pay the expenses of production. This holds good with respect to labour, as well as with respect to all other commodities. As labour cannot be brought permanently to market, unless the expenses of its maintenance and production be paid, the average price of corn must, in whatever proportion meal and flour may form ingredients in subsistence, determine the rate of wages. But, as wages form a component part in the price of all things, when corn and wages rise, a universal rise in commodities will take place. Now, it is self-evident that, as our commodities rise in price, their exportation will be diminished. A high scale of duties, therefore, on the importation of foreign

corn, while it enhanced the price of subsistence, would strike directly at our manufacturing and commercial prosperity. This would be the case, even if we had no rivals to supplant us. Increasing the expenses of production, has the same effect, as diminishing the demand for commodities. As our articles become dear, the consumer will not be able to purchase them in the same quantity as before; and the amount of our foreign sales must be reduced.

To the general principle, however, that a rise in the value of subsistence is accompanied by a rise in the price, and a diminution in the consumption, of commodities, there are some exceptions. If improved machinery, or a more perfect establishment of the divisions of employment, should increase the productive powers of labour, and, consequently, reduce natural prices in a greater degree than the increased value of subsistence raised them, it is evident that, notwithstanding the dearness of food, manufactured articles would become cheaper, and the sale of them extend. And again; if, while subsistence, and, through subsistence, all other articles, experienced, in any

particular country, an extraordinary rise, this country should, from political causes, obtain a monopoly of the commerce of the world, then, it is evident, that, while her prices rose, her foreign sales might extend.

During the last twenty years, England has been experiencing the benefit of both these exceptions. Improvements in the application of labour and capital have, notwithstanding the advancing price of subsistence, kept down the price of many of her articles; while the loss of capital, and the suspension of all active commerce upon the continent, secured her against competition, and enabled her to sell, at advanced monopoly prices, in all the markets of the world. Hence, general principles became inapplicable to the particular, and the extraordinary, circumstances, in which we were placed; and, though subsistence experienced an unexampled rise, our commerce extended, and our wealth increased. But now these particular and extraordinary circumstances have ceased to exist. If, with arrogant ignorance, mistaking casual results for the operation of established laws, erecting exceptions into principles, and denying that a high rate of wages communicates itself to

commodities, and checks their sale, we, while commerce opens to our rivals, and enables them to accumulate captial, and to acquire skill, should madly attempt to keep up war prices, and to sustain, and even still farther to extend, the cultivation of inferior lands, we must, as far, at least, as relates to the foreign market, cease to be a manufacturing and a trading people.

Having thus shewn the effect which a system of restriction on the importation of corn, would produce upon our commerce and wealth, we are prepared to resume the question, with which we concluded the last division of this chapter, and to enquire, whether agriculture could receive any permanent benefit, from legislative protection giving to its produce an artificial elevation?

We have already seen, that the direct and immediate effects of a system of restrictions on the importation of foreign grain, would be to sustain, and, while the population continued on the increase, to extend, our tillage. The benefit, however, which agriculture would receive from such artificial encouragement, could be but of short duration; and would, in fact, bear within itself the principle of its own destruction. Demand

regulates supply; and nothing can be permanently brought to market, unless there are consumers, able and willing to pay the expenses of production. Now, as manufactures and commerce decline in any country, the demand for agricultural produce fails. If foreign corn were excluded, the first consequence would be, an increased consumption of, and higher prices for, corn of home growth; but, as these higher prices would raise wages, and thereby shut out our manufacturers and merchants from the foreign market, the second consequence of restricted importation would be, that the impoverished domestic consumer would no longer have ability to replace, to the farmer, the expenses of cultivation.

This second consequence of a system of restriction on the importation of corn, would not, probably, be immediate. Corn is an article of such prime necessity, that, if measures for keeping up its price were adopted, the people would dispense with almost all other articles, in order to procure it. Thus, while the demand for all other articles diminished, and their production, consequently, ceased, the value of corn would be sustained, and

agriculture would flourish, for a time, amid the general decay of wealth. To continue such a state of things, would be evidently impossible. As the high price of subsistence at once closed foreign markets against them, and diminished the home consumption of their productions, our manufacturers, whatever other articles they might be disposed to give up, would soon find themselves unable to purchase the same quantity of corn, as before. By emigration, or by death, their numbers would rapidly diminish. Here, then, agriculture, after having, for a time, retained a preternatural vigour, under the influence of an artificial stimulus, would begin to exhibit the symptoms of decline. The deficiency in the home demand, which had, at first, affected manufactured articles only, will now extend to the productions of the soil. The market price of corn will suddenly fall, and the labour and capital which had been forced upon inferior lands, no longer obtaining an adequate recompence, such lands will be thrown out of cultivation. As, in consequence of diminished demand, and reduced prices, inferior lands are thrown out of cultivation, superior ground will be

reduced in value, and yield a lower rent. The landlord, the farmer, and all the persons to whom they give employment, will be involved in the general distress.

It may, perhaps, be objected, that this reasoning is opposed to experience; and that the obstructions to the importation of corn, created by the war, gave to agriculture an artificial encouragement, which, so far from bearing in itself the seeds of its own destruction, was accompanied with a progressive increase in wealth, in population, and consequently, in the home demand for corn.

The answer to this objection is obvious, and is short. During the war, our merchants and manufacturers had no competitors, and were enabled to charge a monopoly price on every thing they sold. The monopoly price, therefore, which they obtained, enabled them to pay a monopoly price to the farmer for subsistence. Our commercial relations are now altogether changed. Competitors are ready to start against us, in all the maritime countries of Europe; and our manufacturers and merchants must either lower their prices, or cease to sell in the foreign market. Now, as our mer-

chants and manufacturers cease to receive monopoly prices, they will cease to have ability to pay them. It is the quantity of wrought goods, that the consumers are able and willing to exchange against agricultural produce, which constitutes the effectual demand for it, and regulates its value. When these fetch a smaller sum than formerly, the corn, to which they are equivalent, must fetch a smaller sum also. The attempt to sustain the price of subsistence, when free competition had reduced the scale of prices in other things, would be entirely abortive, and would completely counteract itself. It would exclude the manufacturer and merchant from the foreign market; it would occasion a diminution in all those articles, which constitute the demand for agricultural produce; and, ultimately, reduce the landed interests to a much worse condition, than if they had acquiesced in the changes of the times, allowed corn to come gradually down to a level with other things, nor sought to perpetuate, in peace, the monopoly prices of the war.

In a former chapter, we traced the effects which, in a country where obstruction to importation had

given a forced extension to tillage, and induced an artificial scale of prices, must follow a sudden opening of the ports to foreign corn. The derangement and embarrassment, however, occasioned by a rash and injudicious application of the principle of free intercourse, would appear light and transient, when contrasted with the depression and calamity, which would ultimately overtake the landed interests, in consequence of the diminution in the home market, and the fall in the value of agricultural produce, which, now that our merchants and manufacturers can no longer obtain the war prices for their goods, would be indirectly occasioned by an attempt to keep up the war price of corn. In the former case, the temporary evil would be gradually, but effectually, corrected, by the operation of the very causes, which had at first produced it. Free trade, though circumstances may sometimes render its sudden introduction inexpedient, is, in its nature, highly beneficial; and, however injudiciously admitted, must, after the first calamitous shock and derangement, occasion more accurate divisions of employment, give labour and stock a more productive direction, and thus recreate the

wealth it had destroyed. Now, it is the neighbourhood of wealthy markets, which affords the best encouragement to agriculture; it is the quantity of other commodities offered in exchange for it, that determines the real value of corn. As unrestricted intercourse began to extend manufactures and commerce, our farmers, under the natural protection afforded by the expense of carriage, upon an article so bulky as grain, would, after the price of all things had settled down to the reduced scale, be enabled to carry tillage to a much greater extent, than could have been possible under artificial encouragements, the necessary effects of which must be, to narrow the home market, which the farmer would monopolize.

While the direct injury inflicted on the landed interest, by a hasty and injudicious application of sound general principles, would, after a period of calamity, be corrected by the very causes which had produced it; in the evil which would be indirectly occasioned by our attempt to give permanence to our artificial scale of prices, nothing of this redeeming spirit would be found. In proportion as we infringe on the liberty of trade, we destroy the

elastic power which enables it to rebound after every decline; we take from industry, the vital, renovating principle, by which, in a state of freedom, the national resources recover from every accidental decay, and the public prosperity, after each apparent check, receives a new impulse. A sudden opening of the ports would, after a time, increase the number and the wealth of consumers; and thus, by enlarging the home market, would compensate the domestic grower for the injury he might have sustained from foreign competition. But, when a permanent system of restriction, and its consequent artificial scale of prices, had depressed the manufacturing and mercantile classes, and thus deprived the agriculturist of those opulent markets, the exclusive benefits of which, ignorance had asserted they would secure, the agricultural interest, in grasping at the shadow, would have lost the substance; in seeking for artificial, would have deprived themselves of their natural, encouragement; and no longer finding consumers in the country, which their avarice had impoverished and depopulated, would be compelled to go to foreign markets for remunerating prices.

Thus then, it appears, that while our merchants and manufacturers are again exposed to rivalship and competition, a permanent system of restrictions on the importation of corn, and a consequent continuation of the artificial prices of the war, would ultimately diminish the home demand for grain, and render us once more, an exporting country. This change, however, would be produced by causes, and would be the result of a process, very different from those, which are contemplated by the advocates of a restricted corn trade. These persons contend, that the high prices, occasioned, in the first instance, by the exclusion of foreign grain, would lead to an extension of tillage; and that the increased supply, raised from our own soil, would reduce the price of corn, until it could be sent to foreign markets with a profit. In arriving at this conclusion, however, they totally omit the distinction which exists between natural and market price; and seem absolutely unacquainted with the fundamental principle of political science, that it is impossible to increase the supply of any commodity, so as permanently to reduce its price, below what will pay the labour and capital employed in pro-

duction. It is plainly impossible that, at one and the same time, it should be profitable to export corn, and profitable to extend cultivation to lands requiring, in order to yield a given produce, a greater quantity of labour and capital, than the lands cultivated in other growing countries. To enable us to do the former, corn must be cheaper in the home, than in the foreign market; to enable us to do the latter, it must be dearer. While it remains impossible for the same thing to be, and not to be, it will also remain impossible for England to become an exporting country, in the manner contemplated by the advocates of a restricted external trade in corn. The real process, by which restrictions upon the importation, would lead to the exportation, of corn, we shall briefly state.

The high price of corn, occasioned by restricted importation, would, in the first instance, reduce the home demand for wrought goods, and exclude our manufactures from the foreign market. While ruin thus fell upon the manufacturing and trading population, the home demand for corn would diminish, and its value become too low to remunerate the labour and capital, which the first temporary

rise in prices, had forced upon inferior lands. These, therefore, would no longer be cultivated; and, from the same cause, the value of fertile lands would fall. In the progress of impoverishment and depopulation, a sufficient number of opulent consumers could not be found, to pay the expense of cultivation, upon soils of third, or even of second-rate quality. Cultivation would be limited to tracts of first-rate quality: these requiring but a small expense of dressing, the natural price of the corn produced upon them, would be lower than the natural price of the grain produced in prosperous foreign countries, which, having a better demand, could afford to cultivate second, or third-rate soils. When things arrived at this state, our corn might be sent abroad with a profit; and England, bankrupt and depopulated, sunk from her place in Europe, and, perhaps, deprived of her existence as an independent nation, might again become an exporting country.

IV. We have now to consider the effects, which adopting a system of restrictions on the importation of foreign corn, would, in the present circumstances

of these countries, have upon the finances, and on public credit.

The first operation of restriction, upon the revenue, would be beneficial. We have seen, that, as long as our wealth and population should remain undiminished, the exclusion of foreign corn would induce a universal rise in prices; or, in other words, lower the value of money. Now, the rise in the price of all commodities, or the fall in the value of money, would increase the amount of all duties laid on *ad valorem*, and would enable government nominally to increase the other taxes, without adding really to the burthens of the people. If, for example, we were, by excluding foreign corn, to establish an artificial scale of prices, and to double the money value of every article, then, without increasing the real portion of wealth drawn from the people, the revenue might be doubled.

Though, when an artificial scale of prices is established, the revenue can rise, only in the proportion in which the value of money falls; and though, under our supposition, two hundred pounds could not have a greater power in the market, than one hundred formerly possessed; yet, the increased

sums, thus brought into the treasury, would afford to the government, the greatest facilities in providing for the public expenditure. The dividends of the public creditor, and the salaries of the civil and military servants of the state, do not rise in amount, as the value of money falls. An artificial scale of prices, lowering the value of money, in the degree just supposed, would, in fact, be tantamount to taking fifty per cent. from all salaries, and reducing, by one-half, the real value of our debt.

That, pressed as we are by taxation, and just breathing from a contest, in which all the resources of the country were overstrained, such a mode of providing for our vast expenditure, would, if it could be rendered permanent, be, in many respects, desirable, few, I believe, will be disposed to controvert. But it could not be rendered permanent. After having afforded the treasury a temporary aid, it would leave our financial difficulties greater, beyond all calculation, than before. The sources of revenue would be dried up; the wealth of the country be gone. The artificial scale of prices, which had increased the receipts of the treasury, would, in its first operation, have extended tillage,

and increased the value of agricultural produce. This increase in the value of subsistence would soon exclude our commodities from the foreign market. The ruin of the manufacturing and commercial classes would recoil upon the landed interest; and prices, after having been, for awhile, maintained at an unnatural elevation, would fall much lower than the original level, from which they had been forced. This fall in prices would be a rise in the value of money; and, while all *ad valorem* duties sunk in amount, and other taxes pressed with more grievous weight, the real debt, which the depreciation of the metals had diminished, would be increased by their recovered value. Nor would this be all. *Ad valorem* duties would be diminished, not merely by the fall in prices, but also by the smaller number of commodities, on which they would now be paid. The smaller number of commodities, too, would occasion defalcations in the duties laid on by measurement and tale; while the impoverished country would become incapable of supporting the increasing pressure which, with respect to such taxes, the rise in the value of money would occasion. The exclusion of foreign corn,

now that our manufacturers can no longer obtain a monopoly price for their goods, and make foreign customers pay a part of the monopoly price demanded by the farmer for subsistence, would, after having occasioned a temporary augmentation in the revenue, lead to bankruptcy and ruin.

As this chapter has been unavoidably extended, and the connection of the argument frequently interrupted, by obviating objections, it may be proper to bring together, in as few words as possible, the conclusions which the discussions contained in it, were intended to establish.

A system of restriction on the importation of foreign grain, would enable us, for a time, to raise an independent supply of corn, but at a high, and at an unsteady price. The advanced price of corn, while the consumer retained ability to pay it, would give extension to tillage, and increase the value of land; but this ability would be only temporary. For the high price imparted to subsistence, would be communicated to wages; would raise the price of all commodities; would ruin our manufacturers and merchants; and, by reducing the home demand for agricultural produce, would leave the

landed interests in a much less flourishing condition, than that which they might have attained and preserved, by being satisfied with the natural protection afforded by the expense of carriage, upon an article so bulky as corn. While the artificial scale of prices continued, the revenue would improve, and government would obtain considerable facilities in paying fixed salaries, and in discharging the interest of the public debt; but, when these prices, directly destructive to commerce, and indirectly ruinous to agriculture, began to decline, and to diminish the wealth of the country, the revenue would fail, and bankruptcy ensue.

CHAP. II.

On the Effects which a free external Trade in Corn would produce;—I. Upon the Supply of Subsistence; II. Upon the Agriculture; III. Upon the Commerce; and IV. Upon the Finances of the Country.

We are now to consider the effects which would be produced by establishing, in these countries, a system of perfect liberty in the external corn trade. For the sake of simplicity and perspicuity, we will preserve, throughout the present discussions, the order which we adopted in the preceding chapter; and consider the influence of an unrestrained external trade, first, upon the supply of subsistence; secondly, upon agriculture; thirdly, upon manufactures and commerce; and fourthly, upon the finances.

I. It is abundantly evident, that where free intercourse is permitted, no country possessing any articles, which can profitably be sent abroad in ex-

change for corn, will cultivate lands very much inferior to those under cultivation in adjacent countries. When, in the progress of wealth and population, tillage has been extended over all the fertile districts of a country, and when the expense of raising grain from soils of inferior quality, would exceed the cost of bringing it from abroad, then, unless some arbitrary legislative interference should disturb the natural course of events, subsistence will be imported.

Even long before the lands of superior quality have been brought under the plough, a country, though exempt from all legislative interference with the direction of its industry, may yet be naturally led to import a part of her consumption, rather than to grow an independent supply of corn. To illustrate this, let us suppose, that there are, in England, unreclaimed districts, from which corn might be raised at as small an expense of labour and capital, as from the fertile plains of Poland. This being the case, and all other things the same, the person who should cultivate our unreclaimed districts, could afford to sell his produce at as cheap a rate, as the cultivator of Poland; and it

seems natural to conclude, that if industry were left to take its most profitable direction, capital would be employed in raising corn at home, rather than in bringing it from Poland at an equal prime cost, and at a much greater expense of carriage. But this conclusion, however obvious and natural it may, at first sight, appear, might, on a closer examination, be found entirely erroneous. If England should have acquired such a degree of skill in manufactures, that, with any given portion of her capital, she could prepare a quantity of cloth, for which the Polish cultivator would give a greater quantity of corn, than she could, with the same portion of capital, raise from her own soil, then, tracts of her territory, though they should be equal, nay, even though they should be superior, to the lands in Poland, will be neglected; and a part of her supply of corn will be imported from that country. For, though the capital employed in cultivating at home, might bring an excess of profit, over the capital employed in cultivating abroad, yet, under the supposition, the capital which should be employed in manufacturing, would obtain a still greater excess of profit; and this greater excess of

profit would determine the direction of our industry.

Thus we see, that when trade is left free, and governments interfere neither directly nor indirectly, with the course of industry, an agricultural country, though possessing within herself, the means of feeding her population, may be induced to import a part of her supply of corn, by two distinct circumstances:—namely, a deficiency in lands of first-rate quality; or, advantages in manufacturing industry. In the present situation of England, both these circumstances unite. Our increased wealth, by rendering animal food a part of the subsistence of all classes, and, consequently, causing a great proportion of the soil to be kept under pasture; and our rapidly advancing population, by creating a great and increasing demand for corn, have contributed to occasion some scarcity of land equal in quality to that under cultivation in the neighbouring countries; while our accurate divisions of employment, and the wonderful perfection of our machinery for abridging labour, have increased, to such an astonishing extent, the productive powers of our manufacturing industry, that a given portion

of our capital, when directed to supplying the foreign demand for wrought goods, can obtain, in return, a larger quantity of corn, than it could raise by cultivating wastes of the greatest fertility. In this state of things, therefore, if the obstructions to importation, which the peace has removed, are not replaced by high duties upon foreign grain, it is obvious, that we shall become dependent upon foreign growing countries, for a part of our supply of food.

All the arguments which we employed in the preceding chapter, to prove that restricted importation, forcing us to raise an independent supply of corn, would render prices high, go also to prove the converse proposition; namely, that free intercourse, allowing part of our supply to come from abroad, would render prices low. It is, indeed, astonishing how any person should, for a moment, imagine, that the importation of corn could, by possibility, have any other effect than that of keeping down the markets. Why is corn imported? For no assignable, no conceivable reason, except that it is found cheaper to import, than to grow. Were it not that upon this subject, the most

astonishing ignorance prevails; and that the advocates for restrictions which would give the home grower a monopoly in the home market, perpetually attempt to impress upon the public, the sophistical paradox, that obstructed importation would keep down the prices, while unrestricted intercourse would raise them, we might dismiss this branch of the question, without discussion. But as great stress has been laid upon it, and as Sir Henry Parnell, in his pamphlet, has asserted that, with respect to the merits of high duties upon importation, the only question is, whether they would have the effect of lowering, or of raising prices, some farther consideration of the influence, which free intercourse would have upon the value of corn, seems expedient.

If to the quantity of corn which we have now on hand, an additional quantity of foreign corn were added, the market price would become lower than it now is; and if, from the supply of grain which we shall derive from the next harvest, an additional supply should be brought from abroad, then, prices throughout the next year, will also be depressed. These propositions, if not strictly self-

evident, are, however, of such a nature, that no person who has ever looked at a question of economical science, will for a moment controvert them. Thus far then, free importation will have the effect of rendering corn cheaper.

But again; as part of our supply is derived from abroad, there will be less demand for corn of our own growth; and, consequently, some portion of our capital will be withdrawn from cultivation. Now, capital will never be withdrawn from any occupation, except when prices become insufficient to yield it the customary profit; that is, in the case of agriculture, except the out-goings of the farmer are increased, or the value of his produce is diminished. But importation has no conceivable tendency to increase the out-goings of the cultivator; and could, therefore, deprive his stock of the customary rate of profit, only by reducing the value of his produce. Thus then, receiving part of our supply from abroad, while it diminished the demand for corn of our own growth, and caused capital to be withdrawn from domestic cultivation, would continue to keep down the markets.

But yet again: when capital is withdrawn from

cultivation, it will of course be from the cultivation of those inferior lands which, with the greatest expense of dressing, yield the least return. Now as, when it became profitable to till those inferior lands, lands of superior quality acquired a greater value, and paid a higher rent than before; so, when inferior lands cease to indemnify the cultivator, the superior will lose the heightened value they had gained, and yield a lower rent. Hence, as we import a part of our supply, and throw our inferior lands out of cultivation, there will be less labour, less capital, and less rent, to be paid upon whatever quantity of corn we continue to grow at home; that is to say, the natural price of our corn will be lowered. But, to natural price the prices of the market have a perpetual tendency to conform. Receiving a part of our supply from the foreign grower, while it keeps inferior lands out of cultivation, and keeps down the rate of rent upon the superior, must also keep down the price of corn.

To the principle, that importation lowers the markets, the following objection has been urged: "While we depend, in any degree, upon a foreign supply of corn, the prices are constantly governed

by the principle of scarcity, and not, as they otherwise would be, by the principle of abundance. The object of importing merchants being to import with the greatest possible profit, they will allow prices to run up very high, before they come into the market; and will feed it only in such quantities, as shall keep down competition against themselves, but not to that extent as will have any great effect in lowering the price of corn." *

Now, even were we to admit, that when we depend upon foreign countries for a part of our supply of corn, this combination for stinting the market and keeping up prices, could be formed amongst the importing merchants, still, the objection would be perfectly invalid; nay, would completely refute itself. Supposing that free importation had so reduced prices, and, consequently, so discouraged agriculture, as to have rendered us dependent on foreign countries for a part of our supply of corn; then, as soon as our importing merchants began, as asserted in the objection, to raise prices, the market, would exceed the growing,

* Sir Henry Parnell's Observations on the Corn Laws, Page 17.

price of corn; unusual profits would be obtained by the domestic cultivator; and, consequently, tillage would be again extended. If the combination of the importing merchants raised the price of grain as high, as it was before the opening of the ports, the whole of the discouragement occasioned by such opening, would be removed, and agriculture would be restored to its former state. And if, as the advocates of restriction contend, the combination of the importers should advance prices beyond what they would be, if the whole of our consumption were produced at home, then, it is plain, that the stock invested in agriculture would obtain a higher profit than before, and that capital, ever seeking its most beneficial occupation, would bring in new lands, and extend tillage beyond its former state. Thus, the two propositions, that free importation would discourage domestic agriculture; and, that by leading to combinations amongst the importers, it would advance prices, are inconsistent and contradictory. If a system of free importation discouraged agriculture, it could only be by reducing prices; and if, instead of keeping prices low, such a system of freedom

should either immediately, or subsequently, occasion combinations which would raise the price of corn, higher than it would be under a system of restraint, then, free importation would prove much more beneficial to the landed interests, than the restrictive protection, for which they are contending.

But the combination contemplated in the objection, could not possibly have existence. We reasoned on the supposition, merely to expose the nature of the argument, if argument it may be called, to which the advocates of permanent restrictions on the importation of corn, are compelled to resort, when they would persuade the public, that receiving part of our supply from the foreign grower would advance our markets. A combination amongst all importing merchants, dispersed throughout all the sea-ports of the kingdom, and having all the growing countries of the world open to their speculations! A monopoly of corn occasioned by rendering the trade in corn free! These are propositions, a formal refutation of which, would be a satire on the understanding of the reader. A free external trade could render us

dependent on the foreign grower, for a part of our supply, only by throwing out of cultivation, lands which require, in order to raise a given produce, a greater quantity of labour and capital, than the lands under tillage in other countries: that is, by enabling us to procure corn at a cheaper rate, than if we raised it from our own soil. To say that importing a part of our supply, would elevate our markets, is tantamount to asserting a contradiction.

A free external trade in corn, allowing us to derive a part of our supply from the foreign grower, would lead, not only to low, but, what is of more importance, to steady, prices. The inequality in the productiveness of the seasons diminishes as the territory of which we calculate the average supply is enlarged. The only efficacious means of obviating the alternate recurrence of superfluity and of want, is the removal of every restriction, the refraining from every regulation, which can prevent the abundance of one quarter from compensating the deficiency of another. These great principles, applicable alike to the internal, and to the external, trade in corn, have, in the first

part of this volume, been already fully unfolded. In whatever degree we may find it practicable to adopt them into our commercial system, in that degree shall we give certainty to the supply, and steadiness to the price, of corn.

These principles, however, so obvious and so incontrovertible, the advocates of high duties on the importation of foreign corn, have either overlooked, or attempted to set aside. They seek to terrify the public by the assertion, that an unrestrained commerce in grain would lead to scarcity and famine. "If we allow importation, and consequently become dependent on foreign countries for a part of our subsistence; and if, when the failure of our crops rendered their aid most necessary, these countries should themselves have deficient harvests, and require for their own consumption, all the corn they had raised, then should we be placed in a situation infinitely more calamitous, than if our agriculture had been forced, so as in average years to furnish us with an independent supply."

In the first place, this objection to a free trade supposes a state of things, the occurrence of which

is, in a high degree, improbable. In the uniformity of her general results, Nature has made a provision for correcting her partial irregularities. It has probably never yet occurred, that, in the same season, the crops have been deficient in all countries. To a maritime people, navigating all the waters of the world, the attainable supply of subsistence may be considered as little liable to variation, from year to year. Were we to adopt a system of freedom in the external corn trade, ages might roll away, without the earth being visited by such a universally deficient harvest, as to prevent our obtaining, from some country or other, the supply of which we stand in need.

But, in the second place, if a universal failure of crop, throughout the growing countries of the world, were of probable, or even of frequent occurrence, it could neither form a solid objection to a free external corn trade, nor prove, that deriving a part of our consumption from the foreign grower, would render the supply of corn uncertain, or its price unsteady. It has already appeared, that a free external trade in corn, equalizing subsistence throughout the countries of the world, and

carrying forward the superfluity of one year, to meet the deficiency of another, would occasion capital, to a vast amount, to be vested in this important branch of commerce, and cause grain to be accumulated to an incalculable extent. A free trade, while it might render us dependent on foreign supply, would establish granaries, amply sufficient to secure us against want, in the event of that supply being cut off by a failure of crops throughout the world. This conclusion, demonstrable in theory, has also received the fullest proof from experience. Holland, in the days of her commercial prosperity, had always in the stores of her merchants, a supply of subsistence which exceeded her consumption; and, though not a corn country, became, by leaving the trade in corn free, the granary of Europe. Now England, from her position, from her more numerous harbours, not liable to be closed by ice, but navigable throughout the year; and more than all, from her decided naval preponderance, capable at all times of commanding the seas, is infinitely better calculated than Holland ever could have been, for becoming the great store-house of the nations. As the ports of

the Baltic are closed, for a considerable part of the year, the great growing countries of the North of Europe require a place of deposit, from which their produce may at all times be sent, to supply the demand of the foreign market. England, from her position, and from her natural and acquired advantages, seems ordained to become the *entrepôt* for the surplus produce furnished by the countries on the shores of the Baltic. Were we to adopt an enlightened commercial system, and to grant unlimited freedom, both of ingress and of egress, to the important article of corn, our merchants and dealers would, at all times, have on their hands, accumulations of grain, far exceeding the consumption of our population. Though throughout the world, a failure in the crop should, at the same time, be felt; and though every growing country, in order to ward off famine at home, should refuse to give us the customary supply; yet, in consequence of the liberty which had been granted to commerce, and of the accumulations of produce thereby occasioned, our people would not be dependent for their food on the fertility of a single season, and would escape all participation

in the general distress. Thus, the objection, even when we admit the very improbable fact on which it rests, is perfectly invalid. The granaries established by a free external trade in corn, would leave us nothing to fear, though the crops failing at the same time throughout the world, should cause a temporary suspension of the supply we had been accustomed to receive from abroad.

Another objection to the principle, that a free external trade would ensure us a steady supply of corn, it may be proper to consider, "If any thing resembling the state of Europe under the late ruler of France, should take place in future, when, instead of growing nearly our own supply of corn, we depended on foreign countries for the subsistence of some millions of our people, the difficulty and danger which we have just escaped, would be nothing, in comparison with that which would be inflicted upon us by this renewed continental system."

On this objection it is obvious to remark, that the experiment of excluding us from commerce, has been tried, and has failed. Though the continent of Europe received its impulse from a single

mind, and though America, with a consentaneous movement, closed her ports, yet Napoleon found it impracticable to give efficacy to his system against the trade of England; and while his decrees were evaded or suspended, we received supplies of corn, even from France. Now, that the continental system, the most extraordinary, and the most wide-wasting species of despotism, which the world ever witnessed, should again be acted upon, is, in the highest degree, improbable. Supposing it possible, that we could import to such an extent, as to feed with foreign corn, an increased population of some millions; then, this very circumstance, by rendering foreign growing countries so greatly dependent upon us for a market for their produce, would make them more reluctant to close their ports against us; while, as we should necessarily become, under a free external trade, a great granary and emporium of corn, the nations which, on the recurrence of deficient crops, received from us a portion of their food, could hardly be induced to combine against a commerce, in the reciprocal benefits of which they so largely participated. In

proportion as we afforded to foreign countries, a market for their surplus produce, the probability of their shutting their ports against us, would be diminished. A combination amongst the growing countries of the world, to deprive England of supplies, and themselves of a market, is, to say the least of it, but a remotely possible limitation of the principle, that a free external trade in corn gives steadiness to the supply, and to the price, of that essential article.

Neither do the laws respecting the exportation of corn, which have been lately passed in France, form any valid objection to the principle, that opening the ports of the United Kingdom would render our supply of subsistence steady. In the first place, the corn laws in France, prohibiting exportation after grain rises to about forty-nine shillings the quarter, have, with respect to their influence upon British prices, a necessary tendency to counteract themselves. In whatever degree they may check exportation, in the same degree they must discourage agriculture, and prevent the French grower from furnishing us with those supplies of

corn, the sudden withdrawing of which might, it is apprehended,* occasion fluctuations in our markets. In the second place, even supposing that these laws should have no effect in checking cultivation in France, and in preventing her from growing such a surplus as could influence prices in other countries, yet still the objection would be nugatory, because, as the inequality in the productiveness of the seasons diminishes as the territory from which we draw subsistence is increased, and as the partial irregularities of nature are rectified in her general results, there is the strongest probability that when a deficient harvest in France deprived us of our customary supply of corn from that country, an abundant harvest in other countries would indemnify us for the loss. Thirdly, were we to adopt a system of freedom in the external corn trade, and, consequently, to receive a part of our supply from France, the great accumulations of grain which we should have on hand would (as was the case in Holland), at all times exceed our consumption;

* This apprehension is entertained by Mr. Malthus. See The Grounds of an Opinion on the Policy of restricting the Importation of Foreign Corn, p. 15.

would render us independent of the growth of a single season; and would prevent temporary suspensions of importation from France, or even from all Europe, from inflicting any distressing fluctuations in our markets. Fourthly, and lastly, were it demonstrable that the corn laws, lately enacted in France, could have the effect of inflicting distressing fluctuations in the British market, their existence might constitute a legitimate ground for laying restrictions on the importation of French grain, but could furnish no conceivable objection against opening our ports to the rest of the world.

II. In whatever degree the adoption of perfect freedom in the external corn trade, might lead us to derive a part of our supply from the foreign grower, in the same degree, it would, in the first instance, act as a discouragement to domestic agriculture. If part of our consumption continues to consist of grain of foreign growth, there will be less demand for grain of home growth; and, as demand ever regulates supply, lands which were cultivated while the war rendered importation more difficult, must be thrown out of tillage.

That importing a part of our consumption of corn would, in the first instance, occasion a diminution in domestic cultivation, is self-evident. The degree, however, in which the diminution would be inflicted, no one seems to have attempted to ascertain. Exaggeration and alarm are the natural associates of ignorance. Finding that, under the actual scale of their expenses, they cannot afford to sell wheat under eighty shillings the quarter; and seeing that foreign corn is poured into our ports, at a price, lower by almost a third, than that which would be adequate to remunerate its cultivation at home, our farmers have become panic struck; and in their alarm, mistaking casual results for the operation of general laws, conclude, that without high and permanent protecting duties on the importation of foreign grain, the agriculture of the country must be ruined. This conclusion of the alarmists is entirely erroneous. The glut occasioned in our markets, by the grain thrown in from France, is the result of an unusually overflowing harvest in that country; and in ordinary years cannot be experienced. The artificial scale of prices which at

present so greatly increases the expenses of the domestic cultivator, would, under a system of free intercourse, gradually decline; and enable him, unless he occupied lands considerably inferior to those under tillage in other countries, to meet the competition of the foreign grower. The most unlimited freedom of intercourse could throw out of cultivation, only those very inferior soils, which, though enjoying the great natural protection arising from the cost of carriage, require, to raise a given portion of produce, more labour and capital than would suffice to bring that produce from abroad.

The manner in which a free external trade, and the consequent reduction of our artificial scale of prices, would reduce the expenses of cultivation, requires only to be stated, in order to obtain assent. As corn falls in price, the money value of seed, of tithes, and, in a little time, of rents, must necessarily fall also. Here, then, there would be, in consequence of the reduced price of the farmer's produce, a reduction in three of the principal items of his expenditure. But this would not be all. Changes in the value of subsistence are soon com-

municated to the value of labour; and, as the price of produce fell, wages, another important item in the expenses of cultivation, would fall also. Thus the farmer, paying less for seed and labour, and giving less as tithes and rent, would be enabled, with an adequate profit upon his stock, to sell his corn at a less price. But yet again. The fall in the value of raw produce, and of labour, would soon be communicated to wrought articles; and the farmer would have less to pay to the smith, to the collar-maker, to the wheel-wright, and to all the artificers who furnished him with implements of husbandry; and the whole scale of his expenses being reduced, a smaller amount of capital would be required in cultivation. A much lower price of corn, therefore, would be sufficient to remunerate the farmer; and unless he occupied lands very inferior to those under tillage in foreign countries, he would be enabled to meet the competition of the foreign grower.

We shall briefly illustrate this, by a reference to a table, shewing the comparative expenses of cultivation, in different years, which the Secretary of the Board of Agriculture laid before the Lords'

Committee. The table is given below;* and we shall deviate from it, only so far as may be necessary to preserve round numbers, and to avoid the prolixity of stating fractional parts. The table shews how all the items which enter into the expenditure of the farmer have increased, from the year 1790, to the year 1813. We are to trace the manner in which a fall in the price of corn, reducing rent to its former amount, would bring all these items back to nearly their former level.

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* Comparison of the Expenses of cultivating an Hundred Acres of Arable Land in 1790, 1803, and 1813.

	1790.			1803.			1813.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
Rent	88	6	3¼	121	2	7¼	161	12	7¾
Tithe	20	14	1¾	26	8	0¼	38	17	3¼
Rates	17	13	10	31	7	7¼	38	19	2¾
Wear and Tear	15	13	5¼	22	11	10¼	31	2	10¼
Labour	85	5	4¾	118	0	4	161	12	11¼
Seed	46	4	10¼	49	2	7	98	17	10
Manure	48	0	3	68	6	2	37	7	0¼
Team	67	4	10	80	8	0¼	134	19	8¼
Interest	22	11	11½	30	3	8¾	50	5	6
Taxes	0	0	0	0	0	0	18	1	4
Total	411	14	11¾	547	10	11½	771	16	4¼

By this table it appears, that, in order to obtain £.50 as interest upon his capital, and to cover all expenses, the farmer, in 1813, must have obtained nearly £.800 for the produce of one hundred acres of land. Of this £.800 it also appears, that rent and tithe form a fourth part; and therefore, tithes being but a portion of rent, we may take rent as constituting a fourth part of the price of agricultural produce. Now, reduce the rent of one hundred acres, from £.200, its amount in 1813, to £.150, its amount in 1803; and it is self-evident that the farmer will be able, with the same profit as before, to sell his produce for £.750, where he used to sell it for £.800. A fall in rent, therefore, of one-fourth, would, in its first operation, occasion a fall of one-sixteenth in the natural or growing price of agricultural produce.

Again, it is self-evident, that, as agricultural produce falls a sixteenth, the price of seed must fall in the same proportion. This item, therefore, in the expense of cultivating one hundred acres, will, by a diminution in rent of £.50, be reduced from £.98, its amount given in the table, for 1813, to £.92. Farther, agricultural produce forms, at the

very least, one-half of the labourer's expenditure; and, consequently, a fall in this produce, of one-sixteenth, will cause labour to fall half a sixteenth. The item for labour, in the column for 1813, is £.160; and, therefore, as rent and produce fall in the proportions stated, half a sixteenth, or £.5 must be deducted from this branch of expense. The same reasoning will apply, with still greater force, to the labour performed by the team. And, as labour and produce fall, all wrought articles will fall also; consequently, the reduction of rent will lead to a reduction in the item of wear and tear; and as other items are in this manner reduced, a less amount of capital will be required in cultivating, and the item of interest must be reduced also.

It will be at once perceived, that we have hitherto noticed only the first and most immediate operations, by which a reduced rent reduces all the other items which enter into the expenses of cultivation. When a fall in rent, of a fourth, has reduced produce a sixteenth, and labour half a sixteenth, this half-sixteenth effects another reduction in produce; and this, again, another reduc-

tion in labour. The same holds good with respect to every other item of expenditure. As the fall in rent lowers the price of seed, reduces the cost of wear and tear, and, in consequence of the fall it communicates to the raw material and to wages, enables all the wrought goods which compose any part of the farmer's capital, to be purchased at a cheaper rate, the reduction in each, reduces all; until, from the reciprocal operation of the several items of expenditure, all things settle down to their natural level. Were rents brought back to what they were in 1803, the expenses of production, except as they might be affected by increased taxes falling on subsistence, and, consequently, raising wages, would gradually, but necessarily, return to what they were, at that period. With the same exception, the rents of 1790 would bring back the out-goings of the cultivator, to what they were, in that year; or, as appears by the table, to but little more than half their amount at present. It is demonstrable, that while the rate of profit, and the natural, or commodity rate of wages, remain the same, the amount of rent must, under any given state of fertility and skill, deter-

mine the amount of all the items which enter into the expense of cultivation; and, consequently, the prices which are necessary to remunerate the farmer.

Thus, it appears, that the existing panic among the friends of agriculture, is entirely without foundation.* The level prices of unrestricted inter-

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* An unanswerable and irresistible argument against the alarm which at present exists amongst the agricultural interests, has been furnished by a writer, who is himself an alarmist. Mr. Jacob, in his "Considerations on the Protection required by British Agriculture," enters into some judicious calculations, to shew, that the quantity of grain, of all kinds, consumed by Great Britain alone, amounts very nearly to 50,000,000 quarters. He states that five quarters go to a ton; and that, by the accounts laid before Parliament, the whole shipping of the British dominions, European and Colonial, amounts to 2,500,000 tons. If, therefore, every other branch of commerce were abandoned, and all the shipping of the British dominions freighted with grain, the imported supply would amount to only 12,500,000 quarters:—that is, to about three months' consumption. Under this extreme case, this case of absolutely impossible occurrence, the British farmer would have the supplying of the British market, for nine months of the year. But let us look at the question, under circumstances of possible occurrence. Mr. Jacob in-

course would, indeed, throw out of cultivation, lands of a quality so very inferior as to require, for their tillage, a greater quantity of labour and capital, than is necessary both to till foreign land, and to bring its produce to the home market. But these level prices could effect no farther diminution in our tillage. On the contrary, they

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forms us, that in 1800, and 1801, years of the greatest scarcity and highest prices, the largest foreign supply which England ever received, was 4,500,000 quarters of grain; or, less than five weeks' consumption. Taking the average of these two years of greatest scarcity, the importation was 2,250,000 quarters, or little more than two weeks' consumption. Is it not, therefore, fair to turn the statements of this alarmist against himself, and to inquire, how it comes to pass, that, while shewing the difficulty, nay, the impossibility, of importing any considerable portion of our consumption, he should feel apprehensive lest agriculture should be ruined by the glut of foreign corn? Foreign competition would, indeed, bring down monopoly rents, and reduce every item which enters into the expenses of cultivation; but it could not throw out of cultivation any lands, except those of extremely inferior quality. In what concerns subsistence, Providence has been our legislator. In rendering corn a bulky commodity, Nature has given the necessary protection to the domestic grower; and all we have to do is, to refrain from disturbing her admirable laws.

would compel the proprietor to forego the monopoly rents of the war; would, as we have just seen, diminish all the expenses of production; and, except as he might be pressed by a heavier taxation, replace the domestic, on his former equality with the foreign, grower. Now we have seen that taxation, except when it falls with disproportioned weight upon the soil, does not give the foreign grower any advantages in the home market. On the contrary, taxes which fall on necessaries, and occasion a rise in wages, advance the price of wrought goods, more than they advance the price of raw produce, and rather tend to keep foreign corn out of the market, by checking the exportation of the articles which might purchase it. The level prices, therefore, of unrestricted intercourse, would, except in regard to the imposts which may bear more heavily on the industry of the country, than on that of the towns, secure the domestic cultivator from being undersold in the home market.

But, possessed of the great natural protection arising from his vicinity to the most opulent markets in the world, the British cultivator, after the level prices of free intercourse have lowered mono-

poly rents, and reduced the items of his expenditure, cannot, unless he should occupy very inferior soils, the tillage of which is injurious to the capital and wealth of the country, have any thing to fear from the competition of the foreign grower, though the latter may be somewhat less heavily taxed. The corn of Kent and Essex is conveyed to the London market, at a very trifling expense, while the grain furnished by the foreign grower comes to that market, charged with the land carriage to the shipping port, with shipping costs, and with the freight and insurance on the voyage. In supplying the markets furnished by the great manufacturing population of the interior, the advantages of the home grower are still more decisive. The produce of the adjacent counties can be brought to Birmingham and Manchester, at a very small expense of carriage; while the wheat of France and Poland, in addition to the land carriage to the shipping port, and to all the charges of lading and unlading, freight and insurance, must be brought to the consumers in these interior towns, loaded with the cost of a second land carriage. With reference to the home market, land in England,

is, by the whole amount of the expenses incident to bringing corn from abroad, more valuable than foreign land, equal in fertility, and cultivated with equal skill. As soon as the natural, or production-price, of our corn shall have been lowered by the reduction of exorbitant rents, and by throwing out of tillage, lands requiring an enormous expense of labour and capital, British agriculture, enjoying the great natural protection of vicinity to the most opulent markets of the world, can have nothing to apprehend from the freest competition of the foreign grower.

The degree of protection which, after rents had been lowered, and very inferior lands thrown out, the home grower might derive from the vicinity of the home market, would necessarily be increased or diminished, according as the country advanced or declined in opulence. But, supposing trade to flourish, and increasing population to accumulate in our interior manufacturing towns, the neighbourhood of more numerous, and more wealthy, consumers, would be far from constituting the only encouragement and protection thereby held out to domestic agriculture. We have already

seen that, in a prosperous country, the profits of stock, and the interest of money, become lower, and bestow a higher relative value on the soil. But this is not all. Among a flourishing people, more accurate divisions of employment, and more skilful machinery for abridging labour, gradually increase the productive powers of industry; or, in other words, lower the natural price of the necessaries of life. But, as the natural price of the articles which enter into the labourer's subsistence, become lower, the rate of wages is lowered also. Hence, in a flourishing country, the cheaper rate at which a given quantity of labour can be performed, bestows, no less than the reduced rate of the interest of money, an increased relative value upon the soil, and enables the farmer to extend cultivation over tracts, which could not before be profitably tilled. Commercial and manufacturing prosperity have an irresistible effect upon agricultural improvement. If, as we shall proceed to shew, in the following division of this chapter, a free external trade would increase our commerce and our wealth, it would, in a little time, bring back into cultivation, the inferior soils which it

might at first throw out; and ultimately place the landed interests in a situation infinitely more prosperous and commanding than that which, under any artificial system, it would be possible for them permanently to attain.

III. Commerce is an exchange of equivalents, —a bartering between nations, of one commodity for another. It is self-evident, therefore, that if we were to adopt the principle of free intercourse, with respect to the important article of corn, and were to import a considerable quantity of agricultural produce, we should have to export a considerable quantity of something else, in order to pay for it. In whatever degree an unrestricted external trade might lead us to receive subsistence from other countries, in the same degree it would render those countries customers for our commodities, would promote our manufactures, and would extend our trade. As air expands, in proportion as the surrounding pressure is removed, so commerce flourishes, as legislative interference is withdrawn. Whatever natural facilities we may possess, for carrying on the several branches of industry; and

whatever may be our acquired advantages of skill, capital, and machinery; free intercourse is necessary, to give them their most efficient operation, and to allow them scope for their full developement. When any given portion of capital can, in England, fabricate a greater quantity of cloth, than in Poland; and can, in Poland, produce a greater supply of corn, than in England; then, the absence of regulation is all that is necessary to establishing between the two countries an active and mutually beneficial commerce.

In the foregoing paragraphs we have considered a free external corn trade, only in its first and most direct influence on commerce; and as, in common with all other branches of traffic between nations, it would create a foreign demand for our goods, proportional to the amount of foreign produce which it enabled us to consume. But, as was shewn in the first part of this work, the external corn trade, in addition to its direct operation, exerts upon industry, upon production, and upon all the various branches of trade, a beneficial influence which is peculiar to itself, and which, if we would form a just estimate of its value, must be atten-

tively considered. Commodities are received into foreign countries, only because they can be furnished at a cheaper rate than those countries could prepare them at home. Hence, in order to increase manufactures, and to extend commerce, the great object is, to effect a reduction in the natural price of commodities. Now, the component parts of natural price are rent, profits, and wages, and a free external corn trade would have a powerful influence in lowering them all. We have shewn, that, in the present circumstances of these countries, an unrestrained trade would lower the price of corn, and bring down the monopoly rents occasioned by the war; we have explained how a reduction in the value of corn reduces wages, and we have unfolded the principles, that the low natural price of subsistence heightens the productive powers of industry; that these heightened powers accelerate the accumulation of stock; and that this accumulation lowers the rate of profit. A free external trade in corn, then, would effect a reduction in rents, wages, and profits: —that is, would reduce all the component parts of natural price, and enable us to sell every article at a cheaper rate, than if re-

strictions upon importation kept up the value of agricultural produce. The great encouragement which this would confer on manufactures and commerce is obvious.

In the last chapter, we saw that, as we increase the natural price of commodities, we reduce the demand for them. Now, the converse proposition is equally true:—namely, that, as we reduce natural price, we increase demand. In proportion as our goods can be brought to market at a cheaper rate, consumers, both at home and abroad, will be enabled to purchase them in larger quantities. The reduction in our prices, effected by an unfettered trade in corn, would enable us to meet the competition of the rivals now starting against us, and to maintain the markets which we have established. Nay, as we supplied consumers at a cheaper rate, we should not only be enabled to maintain ourselves in the markets which we have already established, but new foreign markets would be opened, and our commerce pushed to an extent which cannot easily be estimated.

The beneficial effects which the lowering of natural price produces upon commerce, have been

most happily exemplified in what took place upon our adopting, in the cotton manufactories, improved machinery for abridging labour. Now, the reduction in natural price, occasioned by a free trade in corn, would produce effects precisely analogous to those which have been produced by improved machinery. In every branch of business, carried on throughout the country, it would augment the productive powers of industry. While our manufacturing population increased, each manufacturer, being enabled to procure the produce of the earth, with a smaller portion of his labour than before, would have a larger portion of it, to employ in working up materials. From a double cause, the supply of goods brought to market would be increased. Commerce being an exchange of equivalents, every improvement in industry, which enabled us to augment our foreign sales, would enlarge our demand for foreign articles. From their reciprocal action, exports and imports would be enlarged, and thus prosperity would receive a still increasing impulse.

But it is not only in manufacturing industry, and in the direct commerce of consumption, that

the benefits of an unrestricted trade in corn would be felt. We have already seen, that opening our ports to the foreign grower would, from the great natural advantages of our ports, and of our position, throw into our hands an extensive carrying trade in the important article of corn; and render England, what the wisdom of her commercial system formerly rendered Holland, the great *depôt* and Granary of Europe. The flourishing state of our internal industry, promoted by a cheap and steady supply of subsistence, would powerfully co-operate with a free external trade, in enabling us to avail ourselves of the advantages of our position, and to become the carriers of the world. Improved manufactures, and a more extensive commerce of consumption, increase wealth, and occasion a more rapid accumulation of capital. Now, as capital increases, it fills all the old channels of employment, and overflows into new. Hence, a country, more wealthy than its neighbours, can, particularly if it should possess any advantages of position, prosecute the carrying trade at a cheaper rate, and monopolize this branch of commerce. Let us suppose, by way of illustration, that, from

the accumulation of capital, and the consequently increasing difficulty of finding beneficial occupation for it, the profits of stock fall in England, to ten per cent. while, upon the continent, they remain at fifteen per cent. Under such circumstances, it is evident that England could afford to carry cheaper, by five per cent. than her neighbours; and that it would be the interest of all countries in which capital was less abundant, to throw their carrying trade into her hands. Now, from all the principles unfolded throughout this work, it follows as a necessary conclusion, that an unfettered commerce in corn would powerfully conduce to realize the state of things which we have supposed. It would, in every employment, lower natural price; or, in other words, raise the productive powers of industry. This would increase wealth and capital, and diminish the rate of interest and of profit. The competition of capitalists, to obtain beneficial occupation for their stock, would at once give incitement to the spirit of mercantile adventure, and cause each operation of commerce to be performed at a cheaper rate. The capital which overflows the channels of domestic

industry will, with equal advantage to the British merchant, and to the foreign producer and consumer, vent itself in the carrying trade; and England, seconding, by the wisdom of her economical system, the great natural advantages of her position, would become the warehouse of the nations, and the emporium of the world.

It is self-evident, that that accumulation of stock, and reduction in the rate of interest and of profit, which caused capital to flow out into the distant channels of the carrying trade, would, as stated in the preceding section of this chapter, cause it to be poured upon the soil. The cheaper rate at which cultivation could be conducted, and the increasing number of opulent consumers, would speedily restore to tillage, the lands which the free importation of foreign produce had at first thrown out. The proprietors and occupiers of land, though now panic-struck at the approach of that state of things which alone can afford them legitimate and permanent encouragement, would, as we have already stated and explained, be placed in a more flourishing and commanding position in the community, than they could possibly hold, under

any system of restriction on the external trade in corn. The real and permanent interests of the agricultural and the mercantile classes, are identical. A benefit or an injury, bestowed or inflicted on the one, is a benefit or injury, bestowed or inflicted on the other. But it is unnecessary to recapitulate arguments upon a point which is almost self-evident. We proceed to consider the effects, which an unrestrained external corn trade would produce upon the finances of the country.

IV. Whatever affects the value of money, is, under any circumstances, a matter of considerable importance; and must, at the present time, acquire a peculiar, and most serious interest, in consequence of the immense money debt due to the public creditor. In whatever degree an unrestrained introduction of foreign corn might keep down prices, and raise the value of money; in the same degree it would increase the real quantity of debt, diminish the amount of *ad valorem* duties, and increase the pressure of all taxes laid on by tale and measurement. These are serious evils. In the present mortgaged state of the revenue, they would pro-

bably prove imperative against the introduction of a free trade in corn, were it not for the circumstances, that they would be only of temporary duration; and that, if we should attempt to ward them off, by a system of restriction, and an artificial scale of prices, the remedy would speedily induce consequences much more injurious; and, as we have already seen, would plunge the finances into total and irremediable embarrassment.

The defalcation occasioned in the revenue, by a free trade in corn, and the consequent rise in the value of money, could be but of short duration; because, this free trade, this rise in money, or, in other words, fall in prices, would as has been already amply explained, powerfully conduce to that national opulence, from which the income of the state is derived; and with the increase of which, taxation, in all its branches, must become more productive. Though, in consequence of the rise in the value of money, each particular commodity, on which the duty was laid *ad valorem*, would pay into the treasury a smaller sum than before; yet, in proportion as wealth increased, this smaller sum would be yielded upon a greater

number of articles; and, with respect to the branches of the revenue growing out of such duties, a free external trade would soon make good the deficiency it at first occasioned.

As a free external trade in corn, if gradually and cautiously introduced, could not, in any period of its progress, effect a diminution in wealth, or, what is the same thing, in the quantity of commodities, it could not, in any period of its progress, occasion a diminution in the amount of taxes laid upon commodities by weight, tale, or measurement; though, in proportion as it increased the value of money, it would increase the real weight of such taxes upon the people. Now it is self-evident, that, as free trade increases the productiveness of industry, and augments the wealth of the community, it will give the people power to support the heavier pressure which it inflicts; while every addition effected in the number of commodities subject to taxes laid on by tale or measurement, will occasion a clear addition to the amount of the revenue. While the amount of the revenue thus augments, any given portion of it will possess, in consequence of the rise in the value of money, a

higher power than before. Now, though the increased power of the revenue will afford no aid to government, in providing for the interest of the debt, or in paying the fixed salaries of civil and military servants; yet in all new items of expenditure, and with respect to the immense purchases which the agents of government annually make for the public service, it will tell; and it must, therefore, as well as the numerical increase in the productiveness of the taxes, be regarded as an improvement in the finances.

Let us suppose, for the sake of illustration, that the free external trade is introduced so cautiously and gradually, that wealth increases, in exact proportion as money rises; or, in other words, that commodities multiply in the ratio in which their prices fall. In this case, the free trade would not, at any period of its progress, induce financial embarrassment. Though, in whatever degree money rose in value, the real debt, the real salaries of civil and military servants, the real expenditure of the country, would be increased, yet the revenue, instead of falling short, would be found to increase beyond the disbursements.

For example:—If, in any particular market, four hundred pounds of tea are consumed; and if these, exclusive of duty, are worth £.100, then, it is self-evident that, from an *ad valorem* tax of an hundred per cent. they will yield £.100 to the treasury. Now, if a free external trade should so raise the value of money, that the four hundred pounds become worth only £.90, then, it is also self-evident, that the *ad valorem* tax of an hundred per cent. could produce only £.90. But if the free trade which raised the value of money, and thus reduced the amount of the tax upon tea, should, at the same time, so increase the wealth, and consequently, the demand, of the market, as to cause an additional quantity of tea, to the value of £.10 to be consumed, then this additional quantity, at the *ad valorem* duty of an hundred per cent. would add £.10 to the receipts of the treasury; and, so far, the defalcation in the revenue, occasioned by the rise in the value of money, would be exactly made good, by the increased consumption of commodities, by which this rise was accompanied. And again: Supposing that, in any market, there is a consumption of four hundred gallons of wine, which,

independently of duty, are worth £.100, then, a tax upon this wine, of five shillings a gallon, will yield the treasury £.100. Should the adoption of a free external trade raise the value of money, until the wine, independently of duty, became worth only £.90, still, the tax laid on by measure, not by value, would return to the treasury the same sum as before. And should the free trade which lowered the price of the wine, increase the wealth of the market, so as to cause forty additional gallons to be consumed, then the tax of five shillings a gallon upon these would produce £.10, and increase the receipts of the treasury, by that sum. Hence it is demonstrable, that a free trade which should raise the value of money ten per cent. and at the same time, add ten per cent. to the productive powers of industry, and to the demand for articles of consumption, would sustain the amount of *ad valorem* duties, while it increased, by ten per cent. the productiveness of the taxes laid on by tale or measure.

And now, as in the former chapter, we will recapitulate the conclusions, which our reasonings and illustrations have been brought forward to establish.

1st. A free external trade in corn would, under our present circumstances, render us dependent on foreign countries for a part of our consumption; but would render our supply of subsistence at once cheap and steady.

2nd. Importing a part of our supply would, in its first operation, necessarily give some check to tillage, and inflict some depression on the landed interest; but in whatever degree it might be found to increase the interior demand for corn, and to diminish the expenses of production, in that degree it would ultimately bestow a higher relative value upon land, and place the agriculture of the country in a more flourishing state than it could maintain, under any system of artificial encouragement, and restricted importation.

3rd. But a free external trade in corn would be found to increase the home demand for corn, and to diminish the expenses of production, in a degree not easily to be calculated; would, in every branch of business carried on throughout the country, increase the productive powers of labour and capital; reduce our natural prices; augment the demand, both of the home and of the foreign market; in-

crease our manufactures; extend our commerce; and cause a rapid accumulation of capital, which, overflowing upon the soil, would, under the natural protection arising from the expense of carriage on an article so bulky as corn, and, in order to supply subsistence to the increasing number of wealthy consumers, be perpetually employed in bringing in new lands, and in heightening the culture of the old.

4th. As free external trade in corn would raise the value of the currency, it would, on the one hand, increase the real magnitude of the public debt, while it would have a tendency to diminish the amount of *ad valorem* duties, and augment the pressure of the taxes laid on by tale or measure; but then, as this free trade must necessarily increase the wealth of the country, it would, on the other hand, relatively diminish the public debt, when compared with the public resources; would sustain *ad valorem* duties, by causing the reduced sum to be paid on a greater number of articles; would increase the productiveness of taxes laid on by measure, weight, or tale; and, while it at once

added to the numerical amount, and, with respect to all new expenditure, heightened the power of any given portion of the revenue, would place the finances in a much more flourishing condition than before.

CHAP. III.

I. Comparative Estimate of the Effects which a restricted, and a free, external Trade in Corn, would produce, upon the Subsistence, upon the Agriculture, upon the Commerce, and upon the Finances, of the Country; II. on the Measures which, in revising the Corn Laws, it would be expedient for the Legislature to adopt.

HAVING, in the two preceding chapters, unfolded the effects which would be produced by imposing permanent restriction on the external corn trade, and which would arise from giving perfect freedom to this important branch of commerce; nothing now remains, except to compare the consequences resulting from these two opposite measures; and to ascertain the safest and most efficacious means of introducing that system which shall be found most conducive to the prosperity of the country.

I. In tracing the operations of restricted, and of free, intercourse, we have occasionally been led to contrast the effects of the two opposite systems, and to draw conclusions in favour of the latter. But to render this contrast complete, and to give those conclusions the irresistible evidence which belongs to them, it is necessary to place in juxtaposition, the results of restriction and of freedom, and to bring forward some considerations which, without breaking the connection of our discussions, could not, in the preceding chapters, have found a place.

1. It has appeared, that, in the present circumstances of these countries, and of the neighbouring states, restrictions on the importation of foreign corn would, for a short time, enable us to raise an independent supply, at a very high, and a very unsteady price; while the contrary system of free intercourse, by enabling us to obtain our consumption of corn, without keeping inferior lands under cultivation, and by enlarging the territory from which subsistence was drawn, would at once keep down our markets, and correct the evils arising from unequal seasons. As far, therefore, as the

supply of subsistence is concerned, a system of free intercourse would be decidedly more beneficial than a system of restriction. To say one word upon the advantages of furnishing our numerous population with a cheap supply of food, would be superfluous. Steadiness in the supply of subsistence is, perhaps, still more important, though its benefits may be less obvious. When the price of corn is liable to considerable and sudden fluctuations, the market price of labour has not time to accommodate itself to the natural price; and the lower classes of the community, unable, by any exertion of prudence, or of industry, to obtain an adequate support, will be driven to the parishes, or to the compassionate, for relief. Hence, the respectable pride of independence, and the love of labour which it inspires, will gradually be lost; and the peasant, and the manufacturer, will acquire those habits of idleness, improvidence, and dissipation, which are ever the characteristics of those who, having no regular means of obtaining a livelihood, trust to chance for their support.

2. Restrictions upon importation, in their first and direct operation, would extend tillage, and

raise the value of land; but, in their second and indirect operation, would, in whatever degree they might prove prejudicial to commerce and wealth, again contract cultivation, and involve the landed interest in the general decline; while, on the contrary, unrestrained intercourse would, at first, throw out some inferior soils, and lower rents; but subsequently, in whatever degree it might be found to encourage commerce, and to promote prosperity, would pour the accumulating capital back upon the soil, and bestow a higher relative value upon land. With respect, therefore, to the agriculture of the country, a free external trade in corn would be, beyond all comparison, more beneficial than the opposite system of restraint. A forced state of tillage, and an artificial elevation in the value of land, even if it were possible to sustain them, and if they did not bear within themselves the seeds of their own destruction, would be evils. A forced state of agriculture is the same thing as capital deprived of its natural and most beneficial occupation; is the same thing as a diminution in the productive powers of industry. An artificial elevation given to land, and, consequently, to its produce,

would be worse. To increase the rent-roll of proprietors, by compelling all other members of the community to pay more for their corn than they otherwise need to do, would be as gross a violation of natural justice, as it is possible for the mind to conceive. It would be tantamount to laying a tax upon bread, for the purpose of pensioning off the landed aristocracy. It would be nothing better than legalized robbery, taking the money out of the pockets of the poor and of the industrious, in order to lavish it on the idle and the rich. A forced state of agriculture, with its high scale of rents and prices, even if some extraordinary combination of circumstances should give it permanence, would inflict positive evil on the country.

But now, when, in consequence of the peace, the consumers of corn in this country no longer possess a monopoly of the commerce of the world, they have no longer the ability to pay, for their subsistence, the monopoly prices of the war; and it has become impossible to give permanence to our forced state of cultivation. Artificial regulations, for the purpose of keeping the value of land above its natural level, would, as has been already un-

folded, retard the period when the general prosperity of the country, by increasing the demand for corn, and reducing the expense of its production, should allow tillage to be extended over inferior soils. Such regulations ultimately deprive the home grower of his only legitimate and permanent encouragement; and tend to depress that very agriculture which they were intended to promote. The natural order of events we cannot with impunity invect. In any country, to extend tillage beyond its actual state, two things are necessary, viz. lands susceptible of improvement, and consumers able to pay, with an adequate profit, the expenses of realizing it. A high price of corn can promote cultivation, only when there are consumers capable of paying it. Now, artificial regulations, prematurely forcing inferior lands into cultivation, would diminish both the number and the wealth of consumers; and, in the second step of their progress, would visit proprietors and cultivators with all the evils which, at the first step of their progress, they brought on the other classes of the community.

The opposite system would produce diametri-

cally opposite effects. As soon as the first embarrassment of withdrawing the very inferior soils from tillage, and of re-adjusting rents to their natural level, should have subsided, an unfettered commerce would exert the most friendly influence upon agriculture. Industry being permitted to take its most beneficial direction, the number and wealth of consumers would gradually increase; while the interest of money, and the profits of stock, becoming lower with each advance in opulence, the expense of cultivation would diminish. These constitute the only legitimate, the only permanent encouragement which agriculture can receive. It cannot be too often repeated, that the interests of the landed, and of the trading, classes of the community, are identical. The rent of proprietors, and the profits of cultivators, must ever be determined by the quantity of other commodities which the manufacturer and merchant are able and willing to give in exchange for agricultural produce. Though it were possible (and, I firmly believe, it is not) that the land-owners and cultivators should be uninfluenced by a regard for the good of the public, and for their country's pros-

perity and power, yet a sensibility to their own true interests should render them solicitous for the adoption of an economical system, which would give ncrease to the productive powers of industry, and extension to manufactures and commerce. With the flourishing or declining state of these, the value of their produce must ultimately rise or fall. The superiority of a free external trade in corn, with respect to its influence in promoting agricultural improvement, must, in the last analysis, be estimated by its superiority in promoting wealth and commerce.

3. Permanent prohibitory duties on the importation of foreign corn would almost annihilate our manufactures and commerce; while a free trade in this important article, would afford them all the encouragement of which they are susceptible. These propositions, which were fully unfolded and established in the two preceding chapters, are, even if we confine our attention to the indirect influence which commerce exerts upon agricultural improvement, sufficient to impress us with the vast superiority which the free external trade possesses over a system of restriction. But if, in estimating

the benefits conferred by commerce, we were to confine our attention to the indirect influence which it extends to agriculture, our views of the subject would be extremely narrow and inadequate. As such narrow and inadequate views, however, are sometimes taken; and as there is an inclination occasionally discovered, to revive the exploded paradoxes of the economists, it will be proper to present a comparative display of the degrees of wealth, prosperity, and power, which a country may obtain when her industry is limited to the supplying of the home market, and when her productions are exchanged against those of foreign countries. This will place in a full and perfect light, the advantages that a free external trade in corn, which would promote all other branches of commerce, possesses over a system of restriction, which would depress them.

It is self-evident, that a state which refuses to receive agricultural produce from other countries, can never possess a population beyond that which its own territory is able to subsist. It is demonstrable, that a people who, by the nature of their situation, or by the errors of their economical

system, are shut out from foreign trade, can never make any very considerable advances in wealth and power. The first principle of political economy informs us, that the divisions of employment, whether established between the individuals of the same country, or between the individuals of different countries, are the sources from which every considerable improvement in the productive powers of industry is derived. Now the people who deprive themselves of foreign trade, deprive themselves of the benefits of the foreign divisions of employment; and can neither cultivate exclusively, the productions for which Nature has adapted their soil, nor devote themselves to those manufactures, in which they may have acquired advantages. Hence, they will neither be so abundantly supplied with the comforts of life, nor be able to contribute so largely to the exigencies of the state, as if their situation, or their institutions, had been favourable to commerce.

But this is a very small part of the disadvantage to which a country, shut out from foreign trade, and relying on her internal resources, is necessarily exposed. Such a country has limits set to her

population and wealth, which it is not only impossible to pass, but which it becomes every day more difficult to approach. Every step in the progress of prosperity is, to a merely agricultural state, more tardy and operose than that which preceded it.

Let us suppose, for example, that such a state has so far surmounted the obstacles thrown in the way of improvement by unfavourable situation, or erroneous legislation, as to bring into cultivation all the good and middling lands which require little, or but a moderate quantity of capital. Now, as all those tracts of territory, which, though of somewhat inferior quality, might, under adequate encouragement, and with a liberal application of capital, furnish large additional supplies of subsistence, remain by the supposition unreclaimed, it is evident, that this state cannot, as yet, have even approached the limits of its possible population and power. Let us, therefore, suppose farther, that such an increased encouragement to agriculture has arisen, that it becomes profitable to apply capital to land one degree inferior to the first-rate and middling soils already under tillage. Now,

the necessary consequences are, that these soils, as soon as it becomes profitable to apply capital to inferior land, will afford a higher rent; and that the natural price of corn throughout the country will be increased;—the produce of the inferior soils coming to market, charged with wages and profits upon a greater quantity of labour and capital, and the produce of the superior charged with a higher rent. Now, a rise in the natural price of corn, is not only the same thing as a reduction in the productive powers of the labour and capital employed in cultivation;—but is the same thing as a reduction in the productive powers of industry, in every branch of business carried on by the consumers of corn.

It is self-evident, that, as the powers of production are lowered, the march of prosperity must be retarded. Such a further increase, therefore, in the demand for corn, and in the capital applicable to cultivation, as would allow lands in the next degree of inferiority to be brought under tillage, could not be effected without great and growing difficulty. But we will suppose that this difficulty is surmounted; we will suppose that, in consequence

of some circumstances favourable to the growth of wealth, the revenue of consumers, and the capital of growers, have been so increased, that lands in the next degree of inferiority may be cultivated with a profit. Now, as soon as the cultivation of these is effected, the process just detailed will be repeated. Lands of third-rate quality will require, in order to raise a given produce, a greater quantity of labour and capital than the first and second-rate sorts which were before under tillage. The latter will, consequently, acquire a higher value, and afford a greater rent. All the component parts in the natural price of corn will, therefore, be again increased; that is to say, the productive powers of industry will be again diminished, and any further advance in opulence and power rendered still more difficult than before. If, in the course of years, tracts in the fourth degree of inferiority should be reclaimed, then, the next step towards improvement would be made by a movement so slow as to be scarcely perceptible; and if, in the march of ages, soils in the fifth degree could be redeemed, the country which relied exclusively on internal resources might, with respect to any period

of time which can form the basis of political calculation, be regarded as stationary.

Thus it is, that countries, merely agricultural, begin, after cultivation has been extended over their most fertile districts, to lose the active principle of improvement, and scarcely ever attain even to that limited degree of opulence and power, which their own soil, if its capacities were developed, could supply. But this is not the worst. As the gradual diminution in the productive powers of industry, retarded their advance, it would also, render them slow in recovering from the effects of deficient seasons, or from the waste of war. Unless Nature should prove ever favourable, and the neighbouring states ever just, a country, merely agricultural, would not only cease, in a short period, to advance, but would, probably, become retrograde.

The country whose position and whose policy permitted her to participate freely in foreign trade, would experience every thing the reverse of that, which has been described in the preceding paragraphs. To the possible increase of her resources, no limit could be assigned; and her prosperity, in-

stead of becoming every day more tardy, would advance with an accelerated pace. The divisions of employment established with other countries, would enable her to avail herself to the utmost of every natural advantage; and the rapid increase of opulent consumers would speedily bring into cultivation, all her lands of first-rate, and of middling quality. When she had arrived at this point, she would not, at a great waste of labour and capital, force cold and sterile tracts into tillage; but, adopting a more enlightened policy, would receive a part of her subsistence from the foreign grower. Hence, there would be no increase in the natural price of corn, and hence no diminution in the productive powers of industry. The number of opulent consumers would go on increasing, and capital would continue to accumulate as rapidly as before.

As capital accumulated, the rate of interest and of profit would fall; as commerce extended, more accurate divisions of employment would multiply and cheapen all wrought goods. Hence, while the increasing number of wealthy consumers increased the demand for corn, the expenses of cultivation

would diminish. Agriculture would flourish beneath the reaction of an enlightened commercial system; the soil would acquire a higher relative value, from the abundance of commodities ready to be exchanged for its produce; and, while tracts of third, fourth, and fifth-rate quality could be profitably tilled, rents would experience a progressive rise.

Now it must be obvious, that, in a flourishing commercial country, which freely imports the produce of her neighbours, the progressive reclaiming of inferior soils, and the consequent rise in rents, would proceed from causes, and would lead to effects, very dissimilar to those which an extension of tillage, and a rise in rents, could proceed from, or could lead to, in a country merely agricultural. In the agricultural country, the rise in rents, and the extension of tillage over inferior soils, would, as has been shewn above, have the effect of raising the natural price of corn; but, in the commercial country, this effect would be counteracted, because the more perfect divisions of employment would require less wages, and the fall in the interest of money, less profits, to be paid for producing any

quantity of grain. These causes, co-operating with the competition of an open trade, would necessarily keep subsistence cheap. The natural price of corn would receive no increase, and, consequently, the productive powers of industry sustain no diminution. Prosperity would encounter no check. On the contrary, manufactures, commerce, and population, would acquire an heightened ratio of increase: for every addition made to the quantity of agricultural produce imported, would, while it gave employment to a greater number of workmen, create, in the foreign market, an additional demand for the equivalents which purchased it.—The limits of commercial prosperity cannot be assigned.

These conclusions from general principles, have received the fullest sanction of experience; and the superiority which, in point of opulence, population, and power, a commercial country possesses over one that is merely agricultural, has been confirmed by the history of all ages. In ancient times, Sidon, Tyre, Corinth, Athens, Syracuse, and Carthage; and, in modern times, Venice, Genoa, Pisa,

Florence, the Hanseatic Towns, and Holland, not only acquired by their industry and commerce, an opulence, of which there is no example amongst nations, whose position or whose institutions have been unfriendly to foreign trade, but attained a degree of political power and consideration, to which, had they been limited to the resources of their own territories, they could never have ventured to aspire. Venice, Hamburgh, and Holland, if they had refused to cultivate commerce, must always have remained perfectly insignificant states; yet, by adopting an enlightened system of external intercourse, what fleets and armies they put forth;—what kingdoms, what confederations they resisted;—and what a leading,—what a preponderating part they acted in the affairs of Europe!

To this it may be objected, that security and independence are of still higher importance than great wealth and population; that as foreign trade is liable to perpetual fluctuations, the power and preponderance which it confers, must be unstable; and that the commercial states, once so formidable in Europe, have been swallowed up in the great

territorial monarchies; and, deprived even of their political existence, retain nothing of their former splendour but their name.

The objection proves too much; it applies equally to every institution, the origin of which is human. Empires rise and fall, flourish and decay. The power which is derived from extended commerce is, perhaps, less unstable than that which is derived from extended territory. Ancient Egypt, though possessing the most fertile territory in the world, was subjugated in succession, by every preponderating state which arose within her neighbourhood. China, of whose agriculture such wonders are related, has been unable to defend herself against the hordes of Tartary. Poland ceased to be a kingdom, before Venice lost her independence.

The question, however, is not, whether extended commerce, or extended territory, be the most stable foundation upon which national greatness can rest; but, whether a country possessing a given territory, should, by the prosecution of external trade, establish a species of property in the territory of her neighbours, and acquire accessions of

population, wealth, and power, which would be unattainable if she confined herself to her internal resources. The question, as it respected Venice, was, whether the inhabitants of a few rocks in the Adriatic, should remain in helpless insignificance, exposed to the depredations of every horde of pirates; or whether they should place themselves in a condition to contend successfully against the Ottoman Empire, when its power was at its height, and when it seemed ready to subjugate the mightiest monarchies of Europe? The question, as it respects England, is not, whether her power would be more independent and stable, if she possessed the extended territory and numerous population of France, or Austria, or Russia; but, whether, being inferior to these great continental states in natural resources, she should avail herself of the artificial, and even, perhaps, less permanent, advantages, placed within her reach, and by the wonders of her commerce, create the means for taking an ascendancy in Europe.

If the persons who, in their admiration of the independent and permanent resources which are derived from domestic agriculture, would adopt

measures dangerous to that species of power which our industry has established, and which has so long rendered us the wonder and the envy of our neighbours;—if these persons possessed an enchanted wand, by the touch of which, they could change the waters between the British Islands into fertile plains, and thus give us territorial resources, equivalent to the commercial ones they seem solicitous to under-rate, and to destroy;—then, indeed, their doctrine might patiently be heard. But as long as the abandonment of commerce cannot create additional lands, so long must we cherish that compensation, that substitute for extended territory, which a flourishing external trade confers. When the advocate of independent and self-derived power urges the instability of commerce, instead of advancing a reason for neglecting the advantages it bestows, he furnishes an irresistible argument against the adoption of any measure which might in any way endanger the resources, by which our position in Europe, if not our national independence, is maintained.

The argument respecting the expediency of compensating, by the resources growing out of

commerce, the deficiency of territorial power, applies, with peculiar cogency, to insular states. Without extended commerce, there can be no naval preponderance; and without naval preponderance, an insular state must, in all her foreign relations, be perfectly insignificant. To a continental power, commerce, and naval affairs, are objects only of secondary, but, to an island, they are objects of primary, importance. France may invade her neighbours, and dictate to Europe, without a fleet; and, though she rode unrivalled on the waters, might be invaded on the land side and subdued. To England, on the contrary, superiority at sea is the best means of *defence*, and the only means of *offence*. Without our Navy, we should be excluded from all participation in the affairs of Europe; and our Army, however numerous, and however brave, could never be brought into contact with an enemy, unless to repel the descents, to which we should be perpetually exposed.

Popular sentiment, though occasionally liable to unsteadiness and excess, has, in general, a better foundation in reason, than the pride of philosophy is willing to allow. The public voice in favour of

our naval ascendency, and of our maritime rights, is the expression of consummate political wisdom. Our naval greatness is the only foundation, on which our military glory can be made to rest. Our squadrons are not only floating fortifications drawn around our coasts, but constitute the military road, over which our armies must move. Now, we should never cease to remember, that manufactures and commerce are necessary, not only to compensate for our deficiency in extent and population, but also as the sources of that justly cherished naval preponderance, without which an insular empire can take up no position among the nations of the world.

Having now explained, from general principles, and from a reference to historical facts, the nature of the superiority, which a commercial state has over a country which confines herself to her internal resources; and also shewn that, to the particular case of a country which is inferior to its neighbours, in extent and population, and which, in consequence of an insular situation, is dependent on naval preponderance for its place in Europe, these principles, and these facts, apply with pecu-

liar cogency; it is now only necessary, in order to establish the vast, the incalculable advantage, which a free, would possess over a restricted, trade in corn, that we should repeat the principles, already fully established, that the former system would be friendly, and that the latter would be destructive, to our commerce.

4. Though enough may already have been urged, to establish the great and extraordinary superiority which, to countries in general, and to England in particular, a free, would possess over a restricted, corn trade; yet, we should be depriving our argument of much of the evidence of which it is susceptible, did we omit to re-state, and to place in contrast, the influence of these opposite systems upon finance.

A system of restrictions on the importation of foreign grain would, in its first operation, lower the value of money, and, consequently, increase the amount of *ad valorem* duties, and lighten the pressure of all other taxes, while it would be tantamount to reducing the salaries of all the servants of the state, and to diminishing the real quantity of our debt. These financial facilities, however,

would be of very short duration. The second operation of restricted importation would be the loss of wealth, the destruction of manufactures and commerce, and the drying up of all the sources from which revenue is supplied. All taxes, whether laid on *ad valorem*, or by measurement and tale, would become less productive by being paid on a smaller number of commodities; while, as wealth decayed, as the manufacturing and commercial classes emigrated or perished, the demand for agricultural produce would cease, the artificial scale of prices would sink in the general ruin it had occasioned, and, consequently, the value of money be elevated once more. Here, then, the amount of *ad valorem* duties, already reduced by being paid upon a smaller number of commodities, would sustain a still farther diminution; while all other taxes fell with redoubled weight upon the wasted country. At the same time, all the salaries paid by government would be, in fact, increased, and the real quantity of our debt augmented. The restriction on the importation of corn, and the artificial scale of prices it had induced, after having afforded a tem-

porary relief to the finances, would then plunge the country into bankruptcy and ruin.

A free external trade in corn would effect a process the reverse of this. Its first effect would be to raise the value of money, and, consequently, to diminish the amount of *ad valorem* duties, and to increase upon the public the pressure of other taxes. But, by a nearly contemporaneous operation, it would augment wealth, extend commerce, and improve the sources from which revenue is supplied. The former amount of *ad valorem* duties would now be restored in consequence of the smaller sum being paid upon a greater number of commodities; the growing wealth of the country would enable it to sustain, with as little inconvenience as before, the increased pressure of other taxes, while these, by being paid upon a greater number of commodities, would be rendered considerably more productive. The finances would become more flourishing from a double cause. While the receipts of the treasury increased in amount, any given portion of the revenue would, in all the branches of expenditure, except those of disbursing

fixed salaries, and of discharging the interest of the debt, acquire a heightened power.

Thus, in contrasting the effects of the two systems upon the financial resources of the country, we again find that a free, possesses important, nay, incalculable advantages over a restricted, corn trade. Just escaped from a contest, to which the history of man affords no parallel, and which has entailed upon us a weight of taxation never before sustained by any people, the difficulties of the country are seriously great; and, unless our economical system be revised with a happy union of sagacity and science, the pacification and deliverance of Europe may, for us, have arrived too late. If, at such a crisis, the legislature should be unhappily induced to sanction regulations, the necessary operations of which would be to lower the productive powers of our industry, to raise the natural price of all our commodities, and to strike at the roots of our commercial prosperity, then national bankruptcy will be the inevitable result. On the other hand, if, by the adoption of an enlightened economical system, our wonderfully accumulated capital (aided by more perfect divisions of employment, and by

that improved machinery for abridging labour, which are ever its concomitants) should be permitted to take its most profitable direction, and our manufacturers be allowed to purchase subsistence and materials wherever they can be procured at the cheapest rate, then the natural price of our productions will be reduced; then our commerce will extend; then wealth will flow in, and the country will acquire an elastic power, enabling her to bear, and to flourish under, all her burthens. The comparison between the financial results of a restricted, and of a free trade, in corn, is, in fact, a comparison between flourishing revenue and bankruptcy.

II. And now, if we have been at all successful in unfolding the principles of the external corn trade, in examining the exceptions to which these principles are liable, and in tracing and comparing the effects, which freedom and restriction would respectively produce, the irresistible conclusion must be, that, in revising the corn laws, the introduction of a free trade, is the object which the legislature should steadily keep in view. In effecting this improvement in our economical system,

however, difficulty and embarrassment may occur, and considerable caution will be required. We may lay it down as a universal maxim in political science, that sudden change is evil. The truth of this principle, as it applies to the case of a precipitate fall from an artificial scale of prices, was fully unfolded in the first part and third chapter of this volume. What we there proved from general principles, the farmer has, during the last year, fatally experienced. Now, in order to guard from impending calamity a very numerous and a most important class of the community, as well as to arrest that waste of the national resources which must ever accompany a sudden breaking up of the accustomed channels of industry, it becomes highly necessary that the legislature, without ever losing sight of the great ultimate object of introducing a free trade in corn, should afford the domestic grower the protection of a moderate and temporary duty on the importation of foreign grain.

It is evident that, in order to determine the degree of protection necessary to check the waste of agricultural capital, we must previously ascertain the price, which is necessary to secure to the

farmer the customary rate of profit on the stock he has vested in the soil. Now, in endeavouring to ascertain the remunerating price, our economists seem, in a great measure, to have overlooked the important influence which the price of corn has upon the expenses of its own production; or, in other words, upon the cost of cultivation. The secretary of the Board of Agriculture, indeed, to whose talents and unwearied exertions the public has so frequently been indebted for valuable information, gave in to the Lords' Committee a table, which we have already exhibited, and which, from the year 1790, to the year 1813, shews, on the ascending scale, the extent to which the value of produce regulates most of the items of the cultivator's expenditure. Taking this table as the basis of our illustration, we endeavoured, in the preceding chapter, to trace, on the descending scale, the gradations by which the price of corn affects the out-goings of the farm. The reasoning on this subject is obvious, and is self-evident, in all its steps. When the price of produce falls, the value of tithes, and of seed, will immediately, and in the same proportion, be reduced; and, though

neither immediately, nor in the same degree, labour, and all the instruments of production, will come down also. Now, as, since the period when, according to Mr. Young's calculations, the remunerating price for wheat was eighty-seven shillings the quarter, the price of produce, and, consequently, many items of the cultivator's expenditure, have been considerably reduced, we may (particularly as the farther disbanding of our sailors and soldiers will, for a time, lower yet more the important article of labour), take the present remunerating price at about seventy shillings the quarter, for wheat of a middling quality.

If this estimate of the present remunerating price should come near the truth, it will be expedient, that, in revising the corn laws, the legislature should in the first instance, lay such duties upon importation as may keep the foreign grower out of our markets, until wheat has risen above seventy shillings the quarter. And, even should seventy shillings be something below the full remunerating price, giving to the farmer, according to Mr. Young's calculation, ten per cent. upon his stock, it does not seem adviseable that a higher scale of duties should be imposed. For

we never should forget, that every artificial elevation of price secured to the farmer, is not only a direct tax imposed upon the community at large, but a positive discouragement to manufactures and commerce. Now the interests of agriculture, as has repeatedly appeared, throughout this work, are inseparably connected with the flourishing state of trade. If the duty upon the introduction of foreign grain should be laid on so high as to cause our commodities to be excluded from the foreign market, our unemployed manufacturers would no longer have an effectual demand for corn, and prices would ultimately sustain a ruinous fall from the unwise attempt to sustain them at an artificial and unnatural elevation. Of all classes of the community, proprietors and cultivators would, ultimately, receive the deepest injury from the duty upon importation being laid on too high. Should the necessaries of life be ruinously advanced, the merchant might withdraw his capital, the manufacturer transport his skill to some better regulated country; but the land must remain, and its proprietor be left alone to survey the desolation he had wrought: Should the duty on importation be laid on somewhat too

low, seed and tithe, and, in a little time, labour and rent, would sustain a fall, and so reduce the expenses of cultivation, that the farmer would nearly regain his general rate of profit on his stock; but should the duty be laid on too high, the home demand for corn would be reduced, and the possibility of a rectifying process be destroyed.

It being demonstrable, therefore, that the interest of all classes requires that the duty laid on importation should rather be below than above what may be necessary to secure the remunerating price, according to the present expenses of cultivation, we will take seventy shillings the quarter, as the lowest price at which wheat of a middling quality should, in the first instance, be permitted to come into our markets.

When the legislature shall have adjusted, as a temporary measure, the duty for protecting the home grower, and for checking any farther loss of agricultural capital, leisure will be afforded for a gradual and cautious introduction of more enlightened principles into our commercial system. The only exception, as was shewn in the first part of this work, to the principle of a free external trade in corn, is formed by the existence of a forced state

of tillage, and an artificial scale of prices; and even this exception is founded entirely on the evils arising out of precipitate change. Precipitate change, therefore is the only thing against which, in conferring upon the country the incalculable advantage of an unrestricted trade in corn, the legislature has to guard. In doing this, no difficulty could arise. Supposing the temporary measure of protection to consist of duties checking importation, whenever the quarter of middling wheat was below seventy shillings, and increasing in proportion as our markets fell, so as to render seventy shillings the lowest price at which, in the first year, the foreign, could enter into competition with the domestic, cultivator; then, by providing that, in the second year, the duties should not be laid on until middling wheat fell to sixty-eight shillings, and that, in the third, and each successive year, the duties should not commence until prices came down two shillings below the average of the former season, the legislature might gradually give freedom to the corn trade, without imparting to industry, and to property, that sudden shock, the calamitous effects of which we formerly described.

Some will, probably, consider this as a too hasty, and others may regard it as a too tardy, adoption of the principle of free trade. In solving the difficult problem, however, respecting the gradations, by which we could arrive at the important object of unrestricted intercourse, the productiveness of the several branches of revenue would furnish us with an unerring guide. If, for example, the amount of *ad valorem* duties should, other things remaining the same, sustain a diminution, we should be warned that the value of money was raised faster than the quantity of commodities paying such duties, was augmented; and, consequently, that the approach to a free trade was conducted with too much haste. But if, on the other hand, the amount of duties should, notwithstanding the rise in the value of money, continue to increase, we might confidently conclude, that an increased number of taxable commodities was consumed; and that the progress to unrestricted intercourse was accompanied with a rapid increase in the wealth and resources of the country.

When, in order to give time for a reduction of rents, for a withdrawing of capital from very inferior soils, and for the increased quantity of com-

modities to make good the financial deficit occasioned by a rise in the value of money, a temporary protection shall have been afforded to agriculture, the legislature may proceed to regulate tithes, to repeal whatever taxes may fall with disproportioned weight upon tillage, and to provide for an equalization of all rates and assessments. Should these desirable measures be effected before the period when the foreign shall be permitted to compete with the home grower, then capital would everywhere flow into its natural and most productive channels, and the free external trade in corn, without inflicting depression or embarrassment on any class of individuals, would, with respect to subsistence, to agriculture, to commerce, and to revenue, produce those generally, and greatly beneficial consequences, the nature and extent of which we have, throughout this work, endeavoured to unfold, and to determine.

THE END.

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